

# FINANCIAL TIMES

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## NEWS SUMMARY

GENERAL BUSINESS

**Glemp's gloomy message to Pope**  
Poland's Catholic Church leaders feel stalemate in the crisis, there is destroying the chances that a political settlement will end martial law. They feel it is increasing the possibility of military clashes with the developing underground Solidarity union movement. This gloomy message was taken to Pope John Paul by Josef Glemp, Polish Primate, Cardinal Franciszek Macharski, of Krakow, and Archbishop Henry Gubbinowicz, of Wroclaw. Back Page, Walesa warning, Page 2

**Saudis seek tanks**  
Saudi Arabia is seeking to buy Leopard tanks from West Germany. Defence Minister Prince Sultan Ben Abdul Aziz confirmed. Page 3

**Burial postponed**  
An Italian magistrate postponed the burial of Briton Jeanette May to order more pathological tests after apparently finding dried blood on her neck.

**Sex inquiry date**  
An inquiry into claims of a homosexual vice ring at boys homes, in Belfast is expected to take nine months to report.

**Fighter plan**  
Israel is to go ahead developing the Lavie, its own fighter aircraft, but has not specified how it will be paid for or how far U.S. aerospace companies will be involved. Page 3

**Rapist jailed**  
Edward O'Brien, the 21-year-old man who raped a young woman, was sentenced to three years in the Old Bailey.

**Legionnaires die**  
A plane crash in West Africa killed 31 French Legionnaires and 10 crew during a training exercise.

**Kagan fakes oath**  
Lord Kagan, former Gannex director, took the oath in the Lords six months after his release from prison for fraud and theft offences.

**Frost freed**  
West German court cut by six months the 5½-year jail term imposed on terrorist Astrid Frost two years ago. As she spent 3½ years in confinement before trial, she was set free.

**Thailand appeal**  
Foreign Secretary, Lord Carrington was asked by Thailand's Foreign Minister to dissuade European countries from giving aid to Vietnam while its troops occupy Kampuchea. Page 3

**Spanish trials**  
Madrid military prosecutors will seek jail terms of 18 months to 30 years for the 32 officers and one civilian soon to be tried for last February's attempted coup.

**Degree awards**  
Broadcaster Wynford Vaughan-Thomas and Sir Monty Finlison, former British Steel chief executive, are among 19 awarded honorary Open University Degrees.

**Handle with care**  
Police are seeking a burglar whose haul included a Second World War hand grenade—which may still be live—from a house in Swinton, South Yorks.

**Briefly...**  
Six England-India cricket test was drawn. India won the series 1-0.  
President Mitterrand will make the first visit to Japan by a French head of State on April 14.

**CHIEF PRICE CHANGES YESTERDAY**  
(Prices in pence unless otherwise indicated)

| RISERS                   |     |
|--------------------------|-----|
| Eschequer 12½% 1984 254½ | +   |
| Amstrad                  | 220 |
| B&W Inds                 | 172 |
| Blundell-Pegibon         | 107 |
| Cornell Dresses          | 172 |
| Croda                    | 84  |
| English Assoc            | 185 |
| Glossop                  | 82  |
| Highams                  | 53  |
| Martin (R.P.)            | 388 |
| Roberts Ardard           | 123 |
| Securitor A NV           | 212 |
| Smith St Aubyn           | 42  |
| Sonic Tape               | 51  |
| FALLS                    |     |
| British Aerospace        | 195 |
| Glaxo                    | 476 |
| Lloyds Bank              | 460 |
| Lucas Inds               | 220 |
| Pritchard Services       | 188 |
| Royal Insurance          | 358 |
| Smith Brothers           | 37  |
| Smiths Inds              | 355 |
| Sun Alliance             | 582 |
| Vickers                  | 167 |
| BP                       | 290 |

## Government replaces O'Brien as head of Manpower Services

BY JOHN LLOYD AND JOHN ELLIOTT

SIR RICHARD O'BRIEN has been replaced by the Government as chairman of the Manpower Services Commission. The move was announced yesterday in a written parliamentary answer by Mr Norman Tebbit, the Employment Secretary.

The Commission administers the Government's training and employment programmes. Its new head, taking over when Sir Richard's second three-year term of office ends in April, is to be Mr David Young, chairman of a property finance company and currently an advisor to the Government on the privatisation of nationalised industries.

Mr Norman Tebbit, the Employment Secretary, paid tribute to Sir Richard for his "outstanding personal contribution by his leadership to the work of the commission during six challenging years—a tribute echoed yesterday by Mr Young.

But it became clear that Sir Richard had not asked to be relieved of his duties, and that Mr Tebbit felt that, at a time when the Commission was being asked to take on a new training programme, it needed a new, younger chairman. Sir Richard is 62 in 10 days time, while Mr Young is 49.

In his last letter to Mr Tebbit, sent with the draft MSC corporate plan earlier this week, Sir Richard wrote of government cuts "adversely affecting our training programmes for adults" and of his concern over the "balance of our activities."



Sir Richard O'Brien

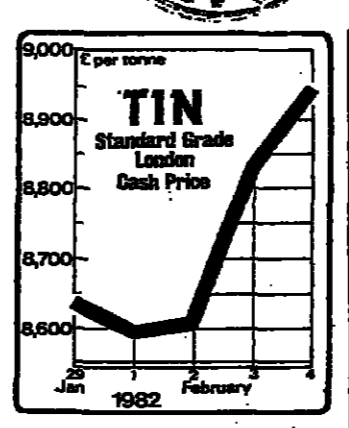


Mr David Young

Richard had presided over a "radical improvement" in MSC services.

Less guarded comment came from Mr Chris Easterling, national officer for the Department of Employment group of the Society of Civil and Public Servants, who said: "Sir Richard has clearly been too outspoken about the unemployment crisis and about government cuts in training and services for the unemployed."

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## Cash tin price at new peak

By John Edwards, Commodities Editor

CASH TIN rose to record levels on the London Metal Exchange yesterday, raising further doubts about the effectiveness of moves by the exchange earlier this week to avert potential disruption of the market.

A continued shortage of immediately available supplies pushed the cash price to a peak of £8,970 before it closed at £8,945 a tonne, £110 up on the previous day.

Traders said the buying group which is believed to have been acting on behalf of producing countries, and which controls the bulk of available supplies, continued to hold off immediate or nearby delivery. In Malaysia, recent statements appear to confirm that tin-producing countries are being far more aggressive

## PSBR may be inside annual target by £1bn

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BORROWING BY the public sector appears to be firmly under control, according to figures out yesterday. This should give the Chancellor greater room for manoeuvre to make tax cuts in his Budget on March 2.

The public sector borrowing requirement for the last three months of 1981 fell to £212m (seasonally adjusted) from £3.1bn in the previous quarter.

It indicates that the out-turn for the financial year should fall comfortably inside the Chancellor's target of £10.5bn. According to the more optimistic city estimates the Chancellor could go into his Budget with borrowing for the current financial year perhaps £1bn less than expected.

As a result it is likely that the public borrowing target will be met even though a considerable amount of tax held up by the civil servants' dispute last year will not be collected until 1982-1983. The deferred tax, probably about £800m, will help to ease the pressure on the Budget. The extra buoyancy of revenues is also expected to carry through into the next financial year and to provide the Chancellor with perhaps a further £1bn.

**PUBLIC SECTOR BORROWING**  
(seasonally adjusted)

| Financial years | £bn   |
|-----------------|-------|
| 1978-79         | 9.23  |
| 1979-80         | 9.91  |
| 1980-81         | 12.19 |
| 1981            |       |
| 2nd qtr         | 6.36  |
| 3rd qtr         | 3.15  |
| 4th qtr         | 0.21  |

## West German steel groups plan joint company

BY JAMES BUCHAN IN BONN

TWO OF West Germany's largest steel groups announced plans yesterday to merge a large part of their steel-related work in a joint company later this year.

The announcement, by the supervisory boards of Estel-Hoesch Werke and Krupp Stahl, respectively the second and third largest West German steel companies, caps nearly two years of negotiations and will change the face of steelmaking in the Ruhr.

## Lucas Aerospace cuts 1050 jobs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LUCAS Aerospace, the UK's biggest individual manufacturer of components for the aerospace industry, yesterday announced 1,050 redundancies out of the 2,800 employed at its Burnley, Lancashire factory complex.

This decision is attributed to the recession cutting orders for airliners and engines, and to the recent "significant re-scheduling" of military aircraft contracts.

Both the Bonn Government and the State government of North Rhine-Westphalia, which covers the Ruhr, have expressed willingness to put up funds contingent on a plan that will, above all, protect jobs in the Ruhr over the long term.

The two companies said yesterday that such aid would be of "decisive significance" for the new project, and particularly for financing

## Social Democrats to vote for Employment Bill

BY PETER RIDDELL, POLITICAL EDITOR

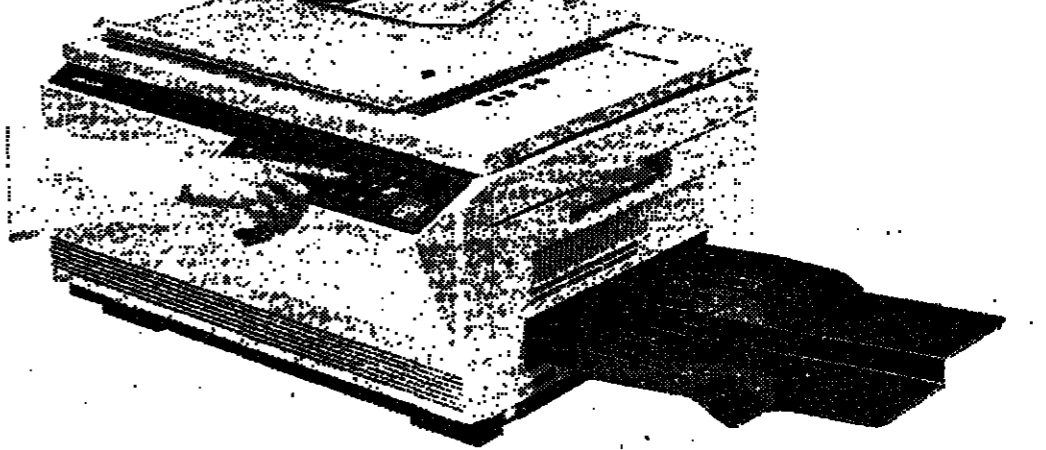
THE 27-STRONG Social Democratic Party parliamentary group decided last night to vote for the Government's Employment Bill on its Second Reading in the Commons on Monday.

The party remains divided on the issue, and a handful of MPs may abstain or vote against the Bill. The SDP decision follows one along similar lines by the Liberal parliamentary group on Wednesday night.

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# Lukewarm response to Schmidt's economic revival proposals

BY STEWART FLEMING IN FRANKFURT

THE WEST German Government's proposed DM 12.5bn (£2.85bn) package aimed at boosting investment and combating unemployment has been greeted with a mixture of scepticism and cynicism by representatives of industry and commerce.

Even the trade unions, which have successfully led the campaign against the Government to take action against surging unemployment, have given the proposals only a half-hearted blessing.

The West German Trade Union Federation's first statement on the programme says the immediate effects of the proposals must be reinforced with steps to create permanent jobs.

Much of the business community would concede that some political response to the country's record post-war unemployment levels was necessary, partly to try to counter

pessimism, which itself is a barrier to investment. But the overwhelming judgment from the corporate sector is that the steps proposed are the wrong ones.

The Federation of German Industry described the proposals as a short-term compromise instead of the longer-term growth and employment strategy which was necessary. It was relieved that the long discussion over the proposals was finally over.

The Federation of German Banks attacked the plans, saying that the proposed investment subsidy had to be seen against the increase in value-added tax, which reduced private purchasing power, and thus the scope for capital investment, potentially bringing new problems with inflation.

The Federation of German Wholesalers said the proposals

**INDUSTRIAL** production and new orders continued to stagnate during December, the West German Economics Ministry reported yesterday. Coupled with a record 1.95m (8.2 per cent) unemployed in January, they suggest that the economic upturn is not yet in sight.

The figures tend to reinforce the views of those economists who argue that the projections in the Government's annual economic report released last Wednesday could be too optimistic. The Government suggests that real

economic growth could be as much as 1.5 per cent this year.

Industrial output, seasonally adjusted, was 2 per cent lower in December than in the month before, and 2 per cent below the level a year ago. The weakening of production of investment goods is particularly worrying.

In a recent economic analysis, the Deutsche Bank remarked that there is still no sign that the strong export demand of the past year has revived the weak domestic economy.

cost the state DM 4bn. This and other measures will be financed partly through an increase in Value Added Tax by 1 per cent to 14 per cent from July 1, 1983.

The subsidised credit programmes of two publicly-administered institutions, the ERP special fund and the Kreditanstalt fuer Wiederaufbau (reconstruction loan corporation) are to be increased. New ERP loans will go mainly to municipal authorities for local investment projects. The loans of the KfW, whose capital is to be increased by DM 600m, will go chiefly to smaller and medium-sized private enterprises. These steps are expected to operate DM 6bn worth of extra investment.

An extra DM 800m is to be spent on modernising federal Government buildings to 1985, above all on energy-saving measures.

A total of DM 400m is to be spent to 1985 to boost existing efforts to curb youth unemployment.

A series of changes in the laws on rent and land are proposed to encourage building of private dwellings.

New proposals are to be examined for introducing earlier retirement—without, it is stressed, imposing an extra financial burden on pension funds.

All these steps are in addition to measures approved by the Government late last year, also intended to boost investment and create more jobs. They include improved tax facilities for enterprises, an aid programme for the steel industry, promotion of energy-saving and support for the microelectronics sector. These measures—covering 1982 to 1985—are worth DM 27.5 bn.

## Appeal to U.S. over exchange rates

By John Wicks in Davos

EUROPEAN and Japanese central bankers yesterday called for closer co-operation with the United States in countering foreign exchange fluctuations.

The U.S. should be prepared to participate in discussions to find a "constructive solution" to the problem, said Dr Fritz Leutwiler, President of the Swiss National Bank and chairman of the Bank for International Settlements, speaking at the European Management Forum in Davos.

There could be no return to an international monetary system until individual countries had put their own houses in order. But the world could not wait for inflation rates to subside before it tackled exchange rate fluctuations.

Expressing understanding for the position of the U.S., which had a relatively small export element in its economy, he nevertheless called for a "positive move" from Washington. The American authorities should heed the example of the European Monetary System in stabilising exchange rates despite varying inflation rates in member countries, he said.

Dr Leutwiler expressed disagreement with Mr Henry Wallich, on the board of governors of the U.S. Federal Reserve system, who had claimed that exchange rate stability could be achieved only by global reduction of inflation, and was impossible as long as national inflation rates differed widely. Interventions, said Mr Wallich, could help to restore orderly market conditions, but were unable to change fundamentals.

Sig Lamberto Dini, Director General of the Bank of Italy and vice-president of the EEC monetary committee, said that although the European Monetary System had been unable to work out a common policy towards the U.S., it had managed to co-ordinate internal policies, enabling intervention to show positive results.

The "area of co-operation" should now be expanded, he said, and the U.S. involved in discussions on exchange and interest rates.

Mr Reichi Shitamoto, executive director of the Bank of Japan, said he believed the yen would benefit from lower U.S. interest rates and a lower American budget deficit. The yen should "become much stronger, perhaps with the help of concerted action on the part of central banks."

At a Press conference later, Mr Wallich said that the U.S. "did not want to make judgments as to what the right exchange rate should be," though it had no objections to intervention by other central banks.

Dr Leutwiler said that concerted interventions, where necessary, could be helpful in showing "that there is someone in the market who cares." The U.S. monetary authorities' participation in any joint moves would be of great psychological importance, he claimed.

Closing the forum conference, Mr Edward Heath criticised the central banks for making no suggestions on how to counter unemployment.

**Wine war** has been intensified yesterday as both countries claimed responsibility for cancelling scheduled peace talks, Reuter reports from Rome.

The European Commission has called for an immediate injunction by the Luxembourg-based European Court of Justice to end the three-week ban on Italian wine imports ordered by Paris last Friday.

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## Walesa call to followers: 'Do not retreat one step'

BY CHRISTOPHER BOBINSKI IN WARSAW

MR LECH WALESZA, leader of the suspended Solidarity union movement in Poland, has warned his followers to be wary of the authorities and not to "retreat by even a step."

In a message smuggled out of the villa outside Warsaw where he is being held, Mr Walesa warned of the Government's bad faith. "This partner never was and never will be honest," he said.

On January 26, Mr Walesa was handed an internment order dated December 12, 1981. Two days earlier, the authorities had refused to permit Fr Alojzy Orszulik to see him and say Sunday Mass.

This and the order angered the Solidarity leader who, until then, had been told he was not interned. In the message, dated January 27, he wrote: "Public opinion at home and abroad has been duped into thinking I was not interned and the order is dated the 12th."

He added: "This is why we must not retreat by even a step

and not allow anyone to be eliminated, because this is their method."

This indicates that Mr Walesa is still demanding to see Solidarity's executive committee before talks with the Government begin even though he has reportedly asked the Church to arrange negotiations between the authorities and the union without insisting on any conditions.

AP adds: The martial law authorities, apparently fearing disturbances, have delayed opening Poland's 10 main universities this week, officials said yesterday.

An official at the Ministry of Higher Education said Thursday that the opening of university campuses, originally expected yesterday or today, had been delayed at least until Monday.

The delay, he said, has been caused because not all schools had been prepared to "didactically and organisationally safeguard the peace of the campuses."

Last Saturday, some 3,000 youths rioted in the Baltic port of Gdansk, home of the Solidarity union. The official denied, however, that there was any connection between the riots and the delay in opening the universities.

Wladyslaw Frasyniuk and Mr Eugeniusz Szumiejkio from Wroclaw are being sought by the authorities and they would have to be given safe conducts.

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Mitterrand: complaints will be aired

## Mitterrand prepares for official visit to Japan

PARIS — President Francois Mitterrand will pay an official visit to Japan from April 14 to 18, the first by a French head of state. Presidential officials said yesterday.

Europe's complaints about Japanese penetration into several markets, including cars, cameras, television sets and stereo equipment, will feature in Mitterrand's talks with Japanese leaders, French Government officials said.

M Claude Cheysson, French External Relations Minister, told the Senate (Upper House) that the visit would aim at "developing French-Japanese relations, particularly in the industrial and cultural fields, and widening the area of convergence between the two countries confronted with the identical problem of access to raw materials."

France's trade deficit with Japan last year totalled FF11bn (€147m) compared with FF7bn in 1980, they added.

Shortly after President Mitterrand's election last year, Mr Zenko Suzuki, Japanese Prime Minister, visited Paris for talks with the French head of state.

He recognised that "correlative" Japanese exports over a short period were harming European economies and said a study would be made of industrial investments and joint ventures by European and Japanese concerns.

President Mitterrand's Socialist Administration has taken action to reduce foreign imports, particularly from Japan and the U.S., in order to boost domestic industry, Reuter.

Trade disputes, Page 4

## Davignon spells out energy policy

BY JOHN WYLES IN BRUSSELS

A COMMUNITY energy policy which could create up to 500,000 jobs by 1985, make EEC-produced coal more competitive with imports and generally reduce the Ten's dependence on external energy supplies was outlined yesterday by Viscount Etienne Davignon, the EEC's Energy Commissioner.

Viscount Davignon, who is also Industry Commissioner and therefore preoccupied with the crisis in the Community's steel industry, believes in a scatter-gun approach when it comes to energy policy.

He revealed yesterday that the Commission has prepared a list of still drafting proposals for the Council of Ministers which aim at greater energy self-sufficiency and more economic domestic production of energy.

His plans for investing in a more "rational use" of energy have already reached member governments. Essentially, he calls for an increase in such investments from the €500m allocated for the rest of this decade to almost €1000m.

To the Commission, "rational use" of energy means switching away from the use of imported oil and towards coal and even industrial and agricultural wastes in energy production.

Viscount Davignon offered no basis for his calculation, but asserted that the increased investment he was calling for would create between 300,000 and 500,000 jobs by 1985 in the construction, electrical and control instruments industries.

The details of the Commissioner's strategy on coal are still awaited eagerly. But he believed it possible to guarantee a competitive future for 210m of the EEC's 240m tonnes of annual coal production.

This will be welcomed by the miners of West Germany and the UK, who produce most of this output, and who are worried about the level of coal imports.

According to Viscount Davignon, the Commission believes that EEC producers should be able to match imported coal prices. The Commissioner did, however, back up his convictions with statistics justifying greater use of nuclear energy.

Last he and his colleagues were suspected of fellow-travelling with the pro-nuclear lobby, the Commission has employed outside consultants to establish the fact that electricity produced by nuclear power is between 30 per cent and 90 per cent cheaper than that produced by coal.

The oil-based product is between 100 and 150 per cent more expensive than nuclear-powered electricity.

## Police fail to crush resistance in Kosovo

By Paul Lovvick in Vienna

POLICE in Yugoslavia claim to have destroyed 33 Albanian nationalist groups in the southern Yugoslavian province of Kosovo, and to have seized arms caches and large amounts of propaganda material. They admit, however, that the situation there remains "serious."

Students are continuing to cause trouble at the University in Pristina, the capital, and elsewhere, despite the several jail sentences of up to 15 years handed out to demonstrators.

Mr Mehmet Malik, the provincial police chief, reveals that 280 people have been sentenced, more than 800 fined and some 100 are still under investigation. Nevertheless, "minor incidents" still occur. So far this year, for instance, almost 300 hostile slogans have been daubed on buildings.

The authorities blame the unrest on the "internal class" in collusion with foreign forces above all with the Albanian intelligence service, "the most notorious province of Kosovo" part of the republic of Serbia but almost 80 per cent of the 1.6m population are ethnic Albanians.

It has been under virtual military rule since last April when successive waves of violent demonstrations shattered public order.

Latest reports confirm the situation to be still highly volatile, with the great majority of the ethnic Albanians refusing to co-operate with the police. The Belgrade weekly publication, has recently revealed that Serbs and Montenegrins are being attacked, their wives and daughters occasionally raped and their property destroyed.

Such "Fascist type" intimidation methods, it said, forcing them to migrate to other parts of Yugoslavia.

There are sporadic reports about the unrest spreading to Montenegro and Macedonia where hundreds of thousands of ethnic Albanians live in compact groups. The demonstrators are mainly young people, last year demanded republic status for the province. The Belgrade leadership has rejected this seeing it as a prelude to merger with neighbouring Albania.

The entire political leadership of Kosovo, from the party secretary to the police chief and television director, have been removed and the Serbian republican authorities have tightened their control over the province. But in view of the severe unemployment—against 72,000 employed, 72,000 officially registered workless—young ethnic Albanians are likely to remain a serious cause for concern.

The Belgrade newspapers also admit that ethnic Albanian officials and politicians in the province are often physically threatened and their cars and houses damaged by the nationalists, who regard them as collaborators.

The eruption of national hatred and the accelerated migration of Slavs has provoked an equally dangerous nationalist backlash in Serbia and other parts of eastern Yugoslavia. The crisis in Kosovo has also whipped up nationalist sentiments among the estimated 35,000-40,000 Albanians working in the West.

In recent months, several Yugoslav diplomatic and trade offices have been attacked by Albanian extremist groups and three politically active Albanian residents in West Germany were murdered in mysterious circumstances last month.

## Western anger over Poland threatens Madrid conference

BY DAVID TONGE

ONE OF the few continuing negotiations between East and West could come to an abrupt halt next Tuesday when he 35 signatories of the Helsinki Final Act meet again in Madrid.

Western foreign ministers, including Mr Alexander Haig of the U.S., will stress their outrage about the military takeover in Poland at the resumed Conference on Security and Co-operation in Europe. But the Soviet Union warned yesterday that it would resist any attempt by the West to raise the Polish issue. It criticised the "political farce" which the West was preparing and claimed that the Nato members were planning to use the Madrid talks as an opportunity to interfere in Poland's internal affairs.

Washington would also like an adjournment, mainly because it does not feel U.S. public opinion would accept continuing talks in Madrid while repression carries on in Poland.

However, the West German view is that Madrid should be kept alive as a source of daily pressure on Moscow and Warsaw. Before martial law was imposed in Poland, the long-drawn-out review conference had been deadlocked in particular over which areas were covered by an agreed obligation by which signatories had to advise each other concerning large-scale troop movements. This was a proposed "confidence building measure" which, it was intended, would precede a major Conference on Disarmament in Europe.

By chance, Poland will be in the chair of the conference on Tuesday and procedural chaos is likely as Western countries seek to raise their concerns over Poland. Mr Haig is tenth on a provisional list of speakers prepared by the last chairman of the conference, the Netherlands, but it is likely that Poland will seek to impose its own list of speakers. It may also challenge existing practices by seeking to limit the subjects raised by speakers.

A further plenary session is due on Friday when Portugal is due to take over as chairman but countries are divided about what they would like to happen. The neutral and non-aligned signatories of the Helsinki Final Act—countries such as Finland and Austria—propose a cooling-off period until the autumn.

A left-wing member of the West German Parliament noted a senior Soviet official yesterday as saying that Moscow had stopped deploying new SS-20 medium-range nuclear missiles some weeks ago. Reuter reports from Bonn.

Herr Otmar Schreiner, a Social Democrat, said that Mr Vadim Zagladin, the deputy head of the Communist Party central committee's international section, gave the assurance at a meeting in Moscow on January 25.

"He told us they had stopped stationing SS-20s some weeks ago for an unspecified period, though they could not rule out a resumption of deployment in the future," he told Reuters.

Herr Schreiner, who abstained when the Bundestag voted last year on Nato plans to deploy new U.S. missiles in Western Europe to balance the SS-20s, said he did not know whether to believe the Soviet assurance.

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The main ray of hope for the

## The latest row between Ankara and Athens poses problems for the West, write Metin Munir and David Tonge

### Aegean diplomatic storm upsets allies of Greece and Turkey

GREECE AND Turkey have now begun to worry their allies almost as much as they disturb each other. Recent weeks have seen a crescendo of insults traded between the ruling generals in Ankara and the staunchly nationalist government of Dr Andreas Papandreu.

"So far it is just shadow boxing, but the underlying problems are serious. We have to stop them developing," one Western diplomat comments. For the latest rows over the long-troubled Aegean not only raise the distant prospect of confrontation between the two countries, but also the whole issue of Greece's future relationship with the North Atlantic Treaty Organisation.

The wine dark waters of the Aegean have proved a battleground ever since Agamemnon led his forces to Troy. Six years ago, the two countries came to the brink of open hostility over their rival claims to the continental shelf. Dr Papandreu hit the headlines then by calling on the Greek armed forces to take "dynamic action" against a Turkish survey ship.

Now that he has come to power, Dr Papandreu's policies have led to Turkish complaints that they are "uncompromising, opportunistic and negative," as Mr Iler Turkmen, the country's Foreign Minister said last week.

To reinforce his point, Mr Turkmen had his ambassadors in Bonn, London and Washington tell his major allies that Greece was planning virtually to close the Aegean to Turkish ships, a move Turkey has said it would consider a *casus belli*.

The ambassadors maintained that Turkey had "evidence" that Greece would extend its territorial waters from the present six-mile limit to 12 miles.

Greece's 3,000 islands in the Aegean mean that such a move would increase its area of sovereignty from 35 to 64 per cent of the sea, cause international waters to shrink from 56 to 26 per cent, and weaken Turkey's lines of communications between its ports.

Turkey's allies have no information to support Ankara's fears, but say they are looking on with increasing anxiety as Dr Papandreu's Socialist Government has hammered Nato and EEC tables to emphasise that "Turkish expansionism" is the main threat to Greece's security.

The Greek demand that Nato should guarantee its borders against an attack by Turkey caused the alliance's meeting of defence ministers in December to end without agreement on a communique—the first



time this has happened in the alliance's 33 year life.

Athen's new assertiveness has gone down well in Greece and reflects the deep fears of a country now spending nearly 7 per cent of its gross national product on defence. However, it has caused Ankara to shelve hopes that Dr Papandreu would be restrained by the responsibilities of office.

Turkish leaders had responded to Dr Papandreu's unwelcome victory by offering what the Greek Prime Minister

had described as "an olive branch." They had kept relatively quiet when his government programme maintained some of the anti-Turkish tone of the election campaign.

But the quarrels at the Nato meeting led Admiral Bulent Uslu, the Turkish Prime Minister, to conclude that Dr Papandreu "unfortunately lacks both the intention and will to solve Greece's problems with Turkey peacefully by means of negotiations."

two countries' allies has been that, as Ankara has increasingly squared up to Athens, Dr Papandreu has apparently begun to restrain his own side's rhetoric.

For example, an January 15, the Greek newspapers headlined reports of a Greek protest to Ankara against a Turkish gunboat's sudden violation of Greek territorial waters and disturbance of a Greek ferry. The next day, Athens sought to calm fears of confrontation by saying it had been warned about the ship—which seems to

have been trailing a Soviet vessel.

However, reports of tough Turkish statements continued, as did one that the Turks might send a seismic vessel in May to Greek controlled areas west of Lesbos, Samos, Cos and Rhodes. This raised Greek fears that their outlying islands could find themselves one day out off from the Greek mainland.

But on January 25, Dr Papandreu came out insisting that there was no crisis and that the banner headlines were only causing harm, particularly in Cyprus, where both sides have been accusing one another of military moves.

However, Greek suggestions that the Turks have brought in 7,000 troops to reinforce their existing 19,000 in Cyprus have proved as unfounded as Turkish rumours that the Greek Cypriots had distributed Czech arms held under United Nations supervision or even that Dr Papandreu was pouring Greek soldiers into the divided island.

The only proven development is that the Greek Cypriots have added a few armoured cars to their outgunned and outmanoeuvred forces. Intercommunal talks have been making little progress.

These close to Dr Papandreu question his negotiating strength in the light of the con-

cessions in the Aegean which they feel Greece has won in the past two decades. But they warn that ultimately the issue could decide Greece's future relationship with Nato itself. They say that the Greeks see the alliance in general, and Washington in particular, as offering arms to the country they perceive as their major threat, while it fails to satisfy the Greeks' own security needs.

The Greeks' precise policy over matters such as military command and control in the Aegean is still unclear, but the questions raised by the Aegean now have Western chancelleries wondering what to do next.

For Dr Papandreu has dropped a hint that he could block procedures to bring Spain into Nato as the alliance's 16th member. He also has the possibility of tying his demand for security guarantees to the future of the major U.S. bases in the country. Negotiations on the future of these are to start in four months.

As one man from Dr Papandreu's inner circle says: "Surely, it is a challenge for Washington to guarantee our frontiers without risk its bases."

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OVERSEAS NEWS

W. Germany ready to sell tanks, Saudis claim

BY HUSAN HAJAZI IN BEIRUT
PRINCE SULTAN BEN ABDUL AZIZ, the Saudi Defence Minister, has confirmed that the country is seeking to buy Leopard tanks from West Germany.

Defence Secretary Mr Caspar Weinberger, visiting the kingdom for the first time. Mr Weinberger will also visit Jordan and speculation among Arab diplomats that Washington is now more favourably disposed towards Jordan's military requirements.

The Saudi Air Force last month took delivery of the first batch of American-built F-15 fighter jets. Sixty of the sophisticated aircraft were purchased as part of the \$2.2bn deal which includes five Air-

borne Warning and Control (AWACS) radar aircraft. Last week Saudi Arabia and France concluded an agreement for French military supplies and technical assistance for modernizing the Saudi navy.

Prince Sultan said a joint Saudi-French military co-operation committee will meet twice a year, while the Defence Ministers of the two countries will exchange visits once a year. The agreement was signed during a visit to Riyadh by M. Charles Hernu, the French Defence Minister.

S. Africa resorts to IMF credit

By Bernard Simon in Johannesburg
South Africa has arranged to borrow from the International Monetary Fund (IMF) for the first time in six years. The move is a clear indication of the country's weak balance of payments.

Thailand appeal for ban on aid to Vietnamese

BY KEVIN RAFFERTY IN BANGKOK

AIR CHIEF MARSHAL Sibhi Savetsila, Thailand's Foreign Minister, yesterday asked visiting British Foreign Secretary, Lord Carrington, to use his influence to dissuade European countries from granting even modest levels of aid to Vietnam.

Thailand is disappointed that both France and the EEC have decided to provide Hanoi with aid. France has awarded a FF 200m (£20m) credit, and the Commission voted late last year, against the objections of five countries including Britain, to make available £175,000 to non-government groups such as Oxfam, at a time when Britain was chairman of the Council of Ministers.

The view of Thailand and other members of the Association of South East Asian Nations, grouping Indonesia, Malaysia, the Philippines, Singapore and Thailand, is that Vietnam should not be given assistance while its troops are occupying Kampuchea.

As the front line state, separated from Kampuchea and the invading Vietnamese forces by the Mekong River, Thailand is the most worried of all the Asean countries.

Officials in Bangkok went out of their way to play down suggestions that Asean is in disarray after the Malaysian Prime Minister, Dr Mahathir Mohamad, warned that his country might withdraw support from the Khmer Rouge at the United Nations.

Dr Mahathir might have been throwing a pebble in the pond to test the ripples, but not a rock, one official said.

Lord Carrington is to visit a Kampuchean border refugee camp today.

The British Foreign Secretary also asked the Thai Foreign Minister about the progress made towards promulgating the double taxation agreement ratified by Britain and Thailand in October.

Until this is promulgated in Thailand, British companies cannot take advantage of tax concessions in the agreement.

Israel to go ahead with Lavie fighter aircraft project

BY DAVID LENNON IN TEL AVIV

ISRAEL announced yesterday that it intends to press ahead with the development of its own fighter aircraft, the Lavie, without awaiting how this vastly expensive project will be funded, or how much investment there will be by American aerospace companies.

The Lavie project was originally approved by the Cabinet two years ago, but last year Mr Ariel Sharon, the Defence Minister, suspended development work while he reviewed the project. His major concern is believed to have been the research and development costs, estimated at up to \$2bn (£1bn).

Israel recently held talks with McDonnell Douglas, General Dynamics and Northrop about co-producing a U.S. fighter instead of the Lavie, which would have reduced the overall cost

Torture denied

ISRAEL yesterday rebutted charges in a United Nations report of torture of Arab prisoners and said it was the only country in the world which allowed prompt and regular Red Cross visits. Reuter reports from Geneva. Israeli ambassador Mr Ovadia Sofer told the UN Commission on Human Rights that allegations of ill-treatment and torture in the report of a special committee were spurious and hypocritical.

and the risks of the project, and attracted American aid. It would also, however, reduce the number of jobs generated in Israel, one of the crucial factors in the equation.

The Finance Ministry has already stated that it will not be able to pay for the Lavie project and the Defence Ministry has expressed doubts that the work can be funded from the defence budget, which may explain the decision to send the team of negotiators to the U.S.

The Defence Ministry announcement yesterday also said that the planned next generation Israeli fighter will be powered by the Pratt and Whitney FW120 engine, which is to be built under licence in Israel at the Beit Shemesh engine works.

More than \$50m has already been spent on preliminary development work on the Lavie, the concept of which has changed a number of times over the years. Officials now claim

that a prototype could be flying by 1985 and that the aircraft could be rolling off the production line by the end of the decade.

The Lavie is intended to be a versatile "work horse" fighter bomber, replacing the Israeli Air Force's ageing Skyhawk and Mirage aircraft as well as early models of the locally-produced Kfir, a Mirage hybrid. The Air Force is likely to need around 300 Lavies.

Aircraft manufacturers who have expressed willingness to participate in the Lavie project are believed to be linking this to an Israeli commitment to buy U.S. fighters as the spearhead of the Israeli Air Force in the 1990s.



Right: Mr Sharon

Francis Ghiles finds Algeria has a new sense of sobriety

Desert state breaks with economic past

GONE ARE the days when Algerian leaders boasted that they would turn their country into the Japan of Africa before the year 2000.

No longer does El Moudjahid, the semi-official daily newspaper boast that the El Azmazi hotel in Algiers is the best run in Africa, a claim so far from the truth that it became a favourite joke among the hotel's staff.

Visitors today are spared the long lectures they used to endure from earnest senior officials about the quality of Algeria's industrialisation process.

The officials are as articulate as ever, but - if anything - even more serious. President Chadli Bendjedid's three years in office have ushered in a reappraisal of earlier economic development plans and a mood of greater sobriety.

This reappraisal has highlighted a number of problems and brought a shift in emphasis in many sectors. Its major conclusion is that the previous concentration on investment in heavy industry had resulted in what the new leaders feel to be an unacceptable high level of foreign debt.

During the middle and late 1970s, Algeria was borrowing at an annual rate of between \$3bn and \$4bn. Foreign debt had reached \$23bn (£12.7bn) by the end of 1978, almost three quarters of which had been disbursed. At the same time, the debt service ratio had doubled to 33 per cent of exports of goods and services in the three years to December 1979.

However, Algeria's external finances have now improved. It has reduced its foreign debt to about \$15bn, of which \$11bn is drawn down. The debt service ratio has also declined to 25 per cent.

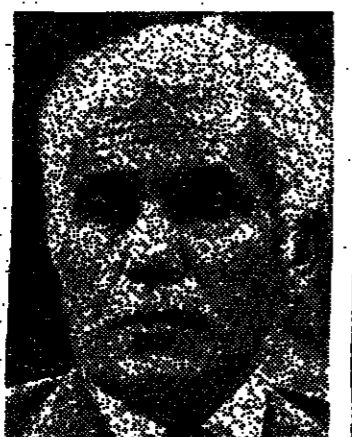
This is partly due to a moratorium announced at the end of 1979 on large new industrial projects. It is also due to the five year development plan, launched just over a year ago, which concentrates on optimising resources and improving low industrial productivity.

The plan provides for investments worth Dinars 500.5bn (£272bn) by the end of 1984, but £20.5bn of this is earmarked for projects which will not be implemented during the plan's life. Half of this balance is for projects started before 1980.

Algeria also plans to continue the policy it introduced two years ago of borrowing no more from international capital markets. However, this year, the Central Bank will concentrate on negotiating more advantageous terms for existing major loans.

Another helpful factor is that Sonatrach, the state oil and gas company has been more successful last year than other African oil producers in maintaining its export income. In spite of a cut of one third in oil exports, Sonatrach earned nearly \$15bn thanks to a large increase in the sales of condensates and refined products. This represents a 10 per cent increase above the 1980 level.

Sonatrach's income was considerably boosted by about \$1bn to nearly \$16bn a year by the agreement on new gas prices worked out with France earlier this week. The agreement will more than double, to 9.1bn cu m, the annual sale of Algerian gas to France and increase the price Sonatrach receives for it by about one-third to \$5.10 per million British Thermal Units (BTU) of gas.



President Chadli Bendjedid's three years in office have ushered in a reappraisal of earlier economic development plans and a mood of greater sobriety.

HYDROCARBONS EXPORTS (estimated)

|                  | 1980 | 1981 |
|------------------|------|------|
| Crude oil        | 9.4  | 8    |
| Condensates      | 1.3  | 2.4  |
| Refined products | 1.8  | 2.8  |
| LNG              | 9.8  | 1.1  |
| LPG              | 1.2  | 4.4  |

The agreement falls short of Algeria's request for oil-gas parity which would have dictated a \$0.11 per million BTUs.

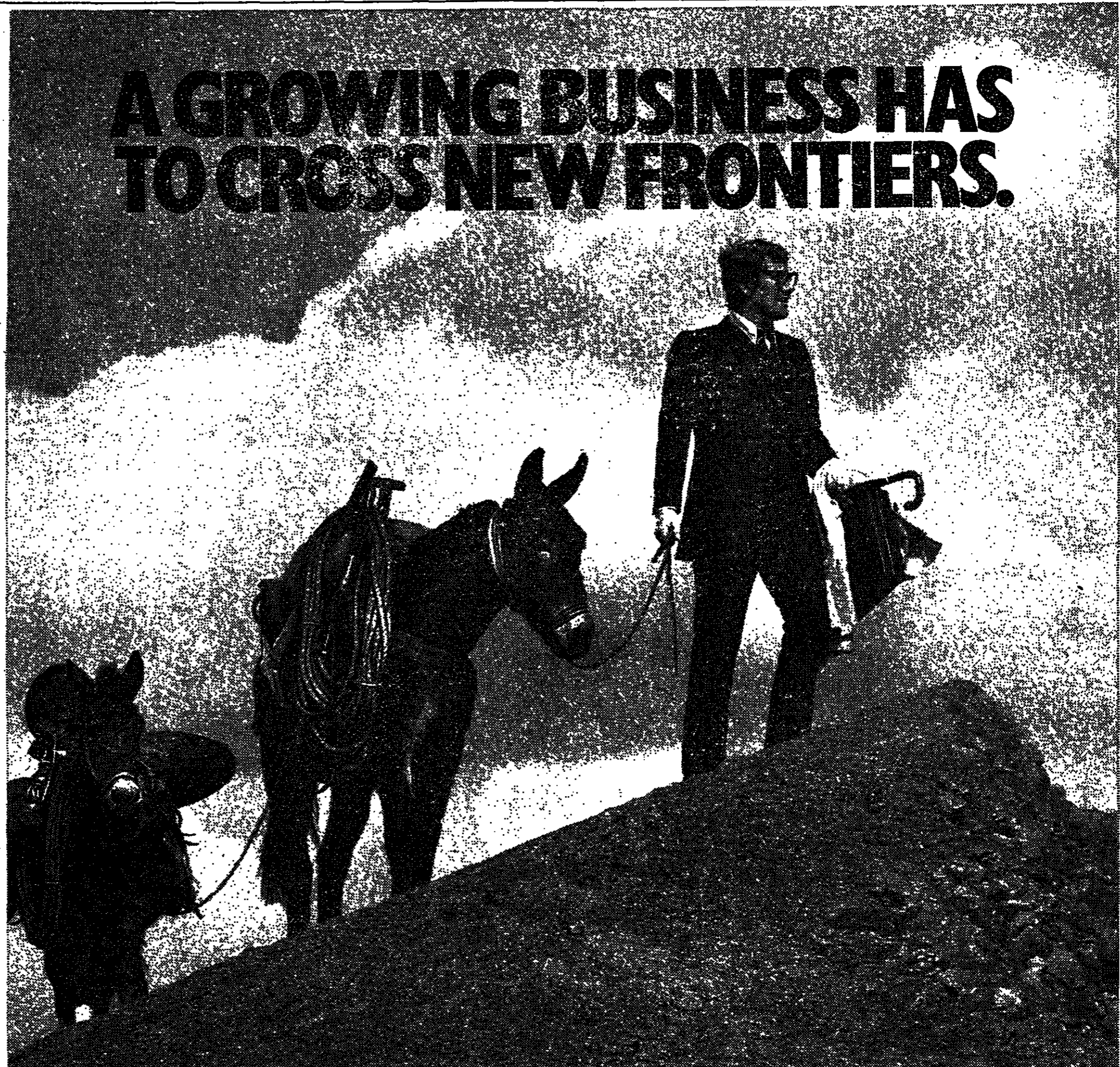
The agreement is expected to be followed by a resumption of negotiations between Algeria and Italy, which would like to import 12bn cu m of gas annually through the now completed trans-Mediterranean pipeline across the Straits of Sicily.

Improving the level of agricultural production is another aim of the new economic policy. The food import bill reached \$2.3bn in 1979, and with a population growing at an annual rate of 3.2 per cent further falls in output would be disastrous.

Mr Chadli has allowed private and State farmers to sell directly to consumers to counter this. Free markets have sprung up selling fresh meat, fruit and vegetables, products which had virtually vanished during the final years of the late President Houari Boumediene's rule. Prices in the free markets are higher than in State shops, but most Algerians can well afford the difference.

Reforms being promoted in the running of state industries are equally important to Algeria's economic future. Industrial development has not led to a steady flow of products needed in the domestic market while bottlenecks and performance failures are rife. Although many new jobs have been created, there is an acute shortage of skilled labour.

The new economic policy also seeks to decentralise what have often become unmanageable and state sometimes corrupt machines by promoting greater participation in making and implementing decisions among lower echelons. The difficulties, however, are considerable, particularly as Boumediene supporters are still being purged, three years after his death.



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AMERICAN NEWS

Restructuring plan for Rockefeller complex

BY PAUL BETTS IN NEW YORK

NEW YORK'S Rockefeller Centre, one of Manhattan's best-known and most expensive pieces of real estate, could soon be at the centre of a multi-million dollar property deal.

Presidents who had it taped

By Anatole Kaletsky in Washington

THE DANGEROUS habit of taping anything and everything that went on in the White House Oval Office was not conceived by former President Richard Nixon, it emerged yesterday, as a result of an article in the Washington Post.

Reginald Dale, in Washington, previews Monday's U.S. budget Reagan sticks to his fiscal guns

PRESIDENT Ronald Reagan has already made it abundantly clear that the budget proposals he submits to Congress on Monday will contain more of the same supply-side medicine which he has been doing out since his arrival in the White House just over a year ago.

which Mr Reagan burned in fingers last year, would not be touched. The question is whether it can get away with it. In an election year, it will be hard to reassemble the coalition Republicans and right-wing Democrats with which he forced last year's budget through in Democratic-dominated House Representatives.

Ford Motor wants pay freeze and holiday cuts

BY RODERICK ORAM IN NEW YORK

FORD MOTOR is asking its blue-collar workers to take a cut in holidays and a 15-month freeze on cost-of-living increases to help turn round its heavily loss-making operations.

Venezuela oil price cuts may cost \$2bn

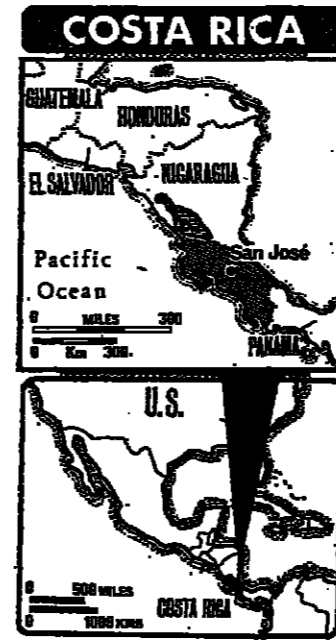
By Kim Fund in Caracas

THREE SUCCESSIVE cuts in Venezuela's oil export prices since the beginning of the year could trim some \$2bn (£1.1bn) from estimated oil income in 1982, according to Energy Ministry estimates.

Economic shadow over Costa Rican election

BY WILLIAM CHISLETT IN SAN JOSE, COSTA RICA

COSTA RICA, the showplace democracy in turbulent Central America, goes to the polls on Sunday amid chronic economic problems, which threaten to engulf the tiny coffee-producing country in social strife.



to confirm the polls' prediction of victory for Sr Monge, who is 56. Sr Monge's main rival is Sr Rafael Calderon, the former Foreign Minister. He is backed by the same four conservative parties which supported Sr Carazo in 1978, when he defeated the PLN.

WORLD TRADE NEWS

Nigeria announces break-up of LNG consortium

Lagos—Nigeria has announced the break-up of a consortium with Western oil companies formed to build a \$1.4bn (£730m) liquefied natural gas (LNG) project, but says the government will press on with the scheme.

Reagan given power to retaliate

By Paul Cheseright, World Trade Editor

GROWING dissatisfaction in Washington over the U.S. role in the trading system spilled into the Senate yesterday when a Bill to give the President power to act against countries with closed markets was introduced.

COMMISSION POISED TO TAKE ON U.S. AND JAPAN

EEC prepares to tackle trade disputes

BY GILES MERRITT IN BRUSSELS

PLANS for tackling the EEC's trade disputes with both Japan and the U.S. are being prepared by the European Commission, senior officials indicated yesterday.

General Agreement on Tariffs and Trade (Gatt) to challenge rulings by the International Trade Commission that infringe Article 23.

Air India switches to A-300s

BY K. K. SHARMA IN NEW DELHI

AIR INDIA, the country's Government-owned international airline yesterday decided to cancel its order for three Lockheed TriStars and replace them with three European-built Airbus A-300 B4 aircraft because the U.S. company has decided not to continue manufacturing that aircraft.

Norwegian vessels to be converted for drilling

BY FAY GJESTER IN OSLO

ODD GODAGER, Norwegian shipowner, is to convert two of his dry cargo bulk vessels into drilling ships — one in West Germany and the other in Singapore.

Air France cuts prices in fares war with SAS

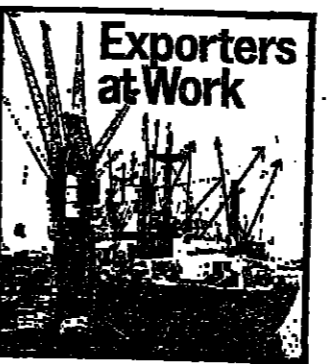
BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDISH AND French diplomats met shortly after the arrival in Stockholm yesterday of M Claude Chevesson, the French Foreign Minister, to discuss the air fares battle between Scandinavian Airlines System (SAS) and Air France.

The mill builder's tale: a battle to regain foreign sales

BY NICK GARNETT, NORTHERN CORRESPONDENT

HENRY SIMON is one of those export-oriented companies for which the recent high level of sterling has been an obstacle to its sales effort.



The result has been the designing, installing and commissioning of 14 mills so far in Egypt worth in excess of £16m.

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passengers have separate check-ins and private lounges.

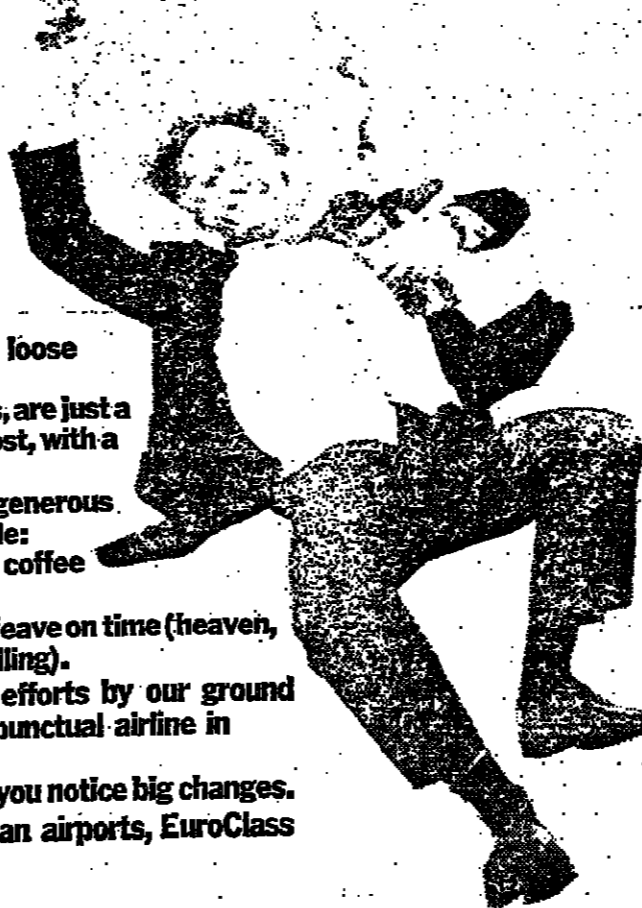
Here you can buy a cocktail or take coffee and catch up with the day's newspapers and the very latest magazines.

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Which when you consider how many small changes we have made is quite a big deal.



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LEA seeks extra £12m despite warnings

By Robin Pauley
THE Inner London Education Authority has ignored warnings about possible legal dangers of setting a budget involving growth, and about the possibly disastrous electoral impact of rising rates.

BL single-sourcing policy will hit Lucas or Chloride

BY LORNE BARLING

BL'S POLICY of buying components from a single source will mean a heavy blow in the next fortnight for one of the two largest battery manufacturers, either Lucas Batteries or Chloride Automotive Batteries.

continue and are very finely balanced. The possible loss of the 250,000 units we currently supply to BL is a most serious threat to our future.

has contributed to serious problems for West Midlands suppliers. Last year Rubery Owen closed its Darlaston plant with the loss of more than 800 jobs, partly because a BL wheel contract was given to a single supplier, Dunlop Engineering.

Decision on council spending today

By Robin Pauley

LOCAL AUTHORITIES in England will be told today the Government's final decision on how much each should spend in 1982-83. Changes of up to 10 per cent have been made to some of the provisional figures announced.

Government ruling gives tax relief boost to Occidental oil find

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A Department of Energy ruling on North Sea geology has given a major boost to the commercial potential of an oil find by Occidental Petroleum.

that Scapa was "totally separate" from the Claymore field, as defined by pressure systems, stratigraphic age and oil/water contact.

SE ends risk of 'made up' bargains

By Christine Moir

THE Stock Exchange has changed its traditional practice for settling "made up" net gains between brokers, an action which has ended the risk of "made up" bargains.

LT's budget lawful, says Havers

BY GARETH GRIFFITHS

THE Greater London Council was told yesterday by Sir Michael Havers, the Attorney-General, that in his opinion London Transport's revised 1982 budget complied with the House of Lords judgment last year on the GLC's cheap fares policy.

March 21 and the end of the year. The GLC passed the budget in principle in January, although the last full meeting of the council refused to pass a confirmation motion.

the pound. A recommendation on the GLC rate for 1982-83 will be made on February 16.

Domestic ratepayers who paid £189 for Ilea this year (on a rateable value of £300) will have to pay £216.

Drive to find mass market for Prestel

BY JASON CRISP

A NEW initiative has been launched by government and industry to find a mass consumer market for residential Prestel, British Telecom's public videodata service, by the end of 1984.

reference on Wednesday organisation. Last year a similar conference was held to co-ordinate the efforts of British industry for both teletext and videodata.

the conference agreed to: Develop a "consumer package of services, including electronic shopping, entertainment and communications, as well as information.

Nuclear sub faces short service

By Bridget Bloom

BRITAIN'S first ever nuclear powered submarine, HMS Dreadnought, may be decommissioned several years ahead of schedule, according to unconfirmed reports in Whitehall.

Pension fund trustees urged to invest in Britain to aid industry

BY ERIC SHORT

THE TUC is preparing guidelines for trustees of trade union pension schemes to help them invest funds in an economically responsible way.

invested overseas. He envisaged that these limits would be reduced over time.

Mr Harold Wilson, the lunchtime guest speaker, adopted the approach that no further major controls were needed. He said the growth of pension schemes meant that the vast majority of industry was now "socialised" with the working population.

superannuation schemes where contributions had been progressively relaxed. Originally investment was restricted to fixed interest securities.

Entrepreneurial businessman replaces personnel expert

A NEW chairman for the Manpower Services Commission, announced yesterday, was ordered by ministers. They felt it was time for a change of experience and style in the head of an organisation whose budget will rise to £1.6bn a year by 1985.

In the past six years, the problems of unemployment, youth opportunities and training have grown more intractable. The MSC, in spite of its tripartite nature with members of the CBI, TUC and other interests on its board, has not made a breakthrough in the key problem area of apprenticeship training which has annoyed ministers.

man of the World Organisation for Rehabilitation through Training, a voluntary body which organises vocational training, largely in the third world.

proved to respond to the needs of employers and workers, including the unemployed.

but it has given a radical new look to the way in which employment and training services are run.

of last year to abolish most of the statutory industrial training boards.

FINANCIAL TIMES
PENSIONS CONFERENCE
Strauss Turnbull lays off 20
Signs of housing market recovery
Wilfred Robbins to close
Brueghel work fails to reach reserve price
SALEROOM



Handwritten note in a box: "السنة الأولى"

# BP wins £17m court fight over Libyan oil venture

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A SEVEN-YEAR court battle between British Petroleum and Mr Nelson Bunker Hunt, the U.S. millionaire, over their ill-fated joint venture to exploit Libyan oil concessions ended yesterday in victory for BP.

Five Law Lords unanimously dismissed Mr Hunt's appeal against a High Court ruling upheld by the Court of Appeal that he must pay £17m to BP Exploration Company (Libya).

The payment was ordered under the 1943 Law Reform (Frustrated Contracts) Act, under which BP sued after the concession was expropriated by the Libyan Government.

It was the first contested case under the Act since it has been on the statute book.

The saga began in 1967 when Libya granted Mr Hunt a 50-year oil exploration and extraction concession in the desert 500 kilometres south of Tobruk.

Mr Hunt went into a joint venture with BP in 1968 as he did not have the resources, equipment, practical knowledge or experience to develop the concession himself.

BP agreed to explore, develop

and operate the concession at its own expense. There were complex arrangements for sharing any oil which came on stream.

The main risk of failure was to be borne by BP, as Lord Brandon of Oakbrook said in the House of Lords yesterday.

Initially the venture proved extremely successful, with commercial quantities of oil being extracted by 1967.

In December 1971, after a revolution in Libya, BP's half share in the concession was expropriated.

Lord Brandon said that appeared to be an act of political retribution against the UK Government, not because of any complaints against BP.

Mr Hunt's share of the concession was expropriated two-and-a-half years later.

Both BP and Mr Hunt claimed and received compensation from the Libyan Government. It was, however, unrealistically low, said the judge.

In 1975 BP sued Mr Hunt in the Commercial Court, alleging under the 1943 Act that their contract was frustrated by the expropriation.

It claimed payment from Mr Hunt of "such sum . . . as the

court considers just" to take account of the benefit he had received from BP's efforts before expropriation.

The Commercial Court ordered Mr Hunt to pay the company \$10,801,534, with \$4,774,288 interest, and \$3,568,399, with £3,060,219 interest. The awards were upheld by the Appeal Court.

Before the Law Lords, Mr Hunt challenged the correctness of ordering him to pay anything under the Act. In essence, he said it was to be inferred from the contract that BP was to take all the risk of a failure of the venture through political, as well as physical, circumstances.

Lord Brandon said the argument had a fatal defect. There was nothing in the contract, or the surrounding circumstances, to indicate that, when the parties made the agreement, they contemplated any political risk.

Unlike some victorious litigants, BP will have no difficulty getting its money.

In November 1980, the Law Lords made it a condition of allowing Mr Hunt to appeal to them that he should lodge all the £17m in the UK as security.

# Irish block Dan-Air Gatwick to Dublin route

By Michael Donne, Aerospace Correspondent

DAN-AIR, the UK independent airline which was granted the London (Gatwick) to Dublin route this summer by the Civil Aviation Authority, has been denied permission to fly the route by the Irish Government.

Describing the Irish Government's decision yesterday as "unreasonable," Dan-Air said it was already flying the Gatwick-Cork route, "and it is inconsistent that we should not be allowed to fly on the major route."

"The Irish now have more than 70 per cent of the traffic under an agreement designed to provide for a 50-50 split, and are using a legal argument to jink around the spirit of the agreement, and using the economic climate as a smokescreen."

At present, Aer Lingus flies the Heathrow-Dublin route, along with British Airways, while Aer Lingus also flies between Gatwick and Dublin.

"In view of the present imbalance and the disadvantage to British carriers, we hope the UK authorities will now take strong retaliatory action," said Dan-Air.

# Possible pitfalls of a corporate christening

Duncan Campbell-Smith looks at Business Names Act's successor

WHAT'S IN A NAME More than you might think if you are choosing one for a new company. Directors intent on a corporate christening should know there are some names — quite a few, it must be said — which the law will accept and some that it will not.

The law in question is about to be replaced. It has seen long and active service since 1916, when an embarrassment of companies named in honour of King and Country presumably exhausted the patience of the wartime Commons.

The Registration of Business Names Act is to be repealed on February 26, and part 2 of the 1981 Companies Act will step into the breach. Its requirements are rather simpler, so says the Department of Trade in offering guidance to them in today's edition of British Business, its official journal.

Take duplication, for example. A company name will not be registered, says the 1981 Act, if it is the same as another name already appearing on the company registrar's index.

If you have been in one of the registrar's public search rooms in Cardiff, Edinburgh or London recently, and have seen inmates wracked with indecision, you will know the importance of the further guidance given by the department.

"In determining whether one name is the same as another," it says coolly enough, "certain words and their abbreviations, together with accents and punctuation marks, will be dis-

regarded."

So much for nomenclatorial red herrings like "the" or "limited" — and their Welsh equivalents.

"Names which are phonetically identical but not visually identical," adds the department, "will be allowed as not being 'the same as'."

They might still be well-advised, of course, to risk appearing prolix by adding another word or two. Would A. Arenson (Holdings), the office equipment manufacturer, and Aaronson Bros, the veneers and laminates merchants, lightly surrender their appendages?

It is possible to name your

company the "Royal Charity for Bankers." But you will need letters of non-objection from a Miss Marks (at the Home Office) a Mr Samuels (at the Charity Commission) and a Mr Chamberlain (at the Bank of England) who will surely catch you out if you really intend to deal in scrap metal.

If you want to use the word "Anzac" you will need written consent from the High Commissioners of Australia and New Zealand, so sensitive is the British public to misuse of the term — or it was in the aftermath of the 1915 Gallipoli campaign which prompted the Anzac Act 1916.

That law will stay on the books when this month's changes sweep aside the Business Names Act of like vintage. You can only simplify matters so far.

# Midlands co-operatives given £200,000 boost

BY LORNE EARLING

WORKER CO-OPERATIVES in the West Midlands are to be given more than £200,000 by the county council and three local authorities as part of a broad initiative to halt rising unemployment in the area.

The county council has also announced the appointment of a £20,000 a year chief executive for its newly formed West Midlands Enterprise Board. He is

Mr Norman Holmes, formerly a senior executive with the Northern Ireland Development Agency.

The Board is backing a number of industrial development schemes in the area, such as the Warwick University Science Park, and operates a cheap loans scheme in conjunction with the Industrial and Commercial Finance Corporation (ICFC).

Assistance for co-operatives will be provided through the West Midlands Co-operative Development Agency, which will grant £50,000 a year to each of three local agencies to be set up in Birmingham, Coventry and Wolverhampton.

This support will be given jointly by local authorities and the Labour controlled county council, which is also funding

a promotional campaign at a cost of around £50,000, with the help of the Birmingham Inner City Partnership.

Mr Gary Tittle, vice-chairman of the council's economic development committee, said there were only about 15 such co-operatives in the West Midlands, compared with around 400 nationally, and encouragement was therefore needed.

# Private stamp and postal plan offered—at premium price

BY JAMES McDONALD

A PRIVATE "postal centre" scheme enabling people to buy stamps and send letters when there is no nearby Post Office was announced in London yesterday.

Postage Distributors International, a new company, hopes to sell 20,000 of its British-designed machines at about £2,000 each to shopkeepers, stately homes or transport terminals. The buyer's profit will come mainly from the profit on stamp sales.

A 48p pack of stamps will cost 70p—52 per cent more than the face value. Another dispenser for those wanting a 15p stamp for a first-class internal letter will need 20p—nearly 30 per cent more than the face value.

The machines, festooned with

advertising, will include a post box.

There was some confusion yesterday about who would be responsible for posting the letters. Postage Distributors International first said the sweetshop owner "or whatever" would clear the box and take the letters to a Post Office box.

It then said the letters would be collected by the Post Office at a fee of £40 per machine per year.

The Post Office said it would have to approve the design and security of a private post box if it was to accept responsibility for collecting the mail. So far no designs had been received for approval.

It was not illegal to sell stamps at above or below face

value, as long as they were bought originally from the Post Office.

The stamp dispenser, however, must have a notice saying it was not a Post Office vending machine. The post box must also have a notice saying it is not an official box, unless the Post Office had agreed to its design and security, and to collection. This had not yet occurred.

The private enterprise stamp-vending machine idea was not new in Britain, it said. "Automatic Postage Services operates such machines in hotels and in motorway service stations."

Mr James Wright, marketing adviser to Postage Distributors International, said it was owned by a company called Lloyd Pearson.

# De Lorean components maker cuts 80 jobs

BY OUR BELFAST CORRESPONDENT

EIGHTY JOBS are to be lost at C. P. Trim, the west Belfast company which manufactures seats and other components for the De Lorean sports car company.

De Lorean's severe cutback in production has already forced C. P. Trim, which employs 220 workers, on to short-time working. The redundancies follow De Lorean's decision to pay off 1,100 of its 2,600 employees.

The De Lorean redundancies, announced last week, now seem certain to take effect immediately because of the company's cash flow problems. Discussions with the main unions have continued all week.

There was minimal production at the De Lorean plant this week. About 500 employees were told not to report for work and the remainder worked only one or two days.

The company is supported by £87m of government grants, loans and equity, as well as £10m in loan guarantees. Mr

James Prior, Northern Ireland Secretary, is awaiting a report from industrial consultants due next Thursday—before discussing the possibility of further aid with Mr John De Lorean, the chairman.

The company has lodged a claim for almost £10.5m with the Northern Ireland Office for losses it claims to have suffered as a result of a petrol bomb attack during riots following the death of hunger striker Mr Bobby Sands last May.

The Northern Ireland Office paid De Lorean £425,000 in four instalments last year in settlement of a claim for £514,000 for physical damage to factory buildings by petrol bombs thrown during the same incident.

Glen Electric, the electric heating appliance manufacturer, is to make 120 of its 400 employees at two factories in Newry, Co. Down, redundant because of falling sales. Other factories in the group are not affected.

# Southampton port's hopes of recovery raised

By Brian Groom

THE PORT of Southampton's hopes of recovering from its 10-month bout of disputes have been boosted by the return of its two biggest customers after an absence of five months.

The Trio Lines and Southern Africa-Europe Container Service consortiums—which normally account for two-thirds of Southampton's container trade—are to direct ships to the port over the next few days, although new contracts have still to be signed.

Mr Michael Leslie, chief negotiator for Trio, said he hoped the consortium—which operates the Far Eastern trades—would return to its old pattern of 170 to 180 calls a year at Southampton.

But everything depended on the port's ability to provide three shift working, seven days a week, he said.

It is understood that the new contracts, unlike the old ones, do not bind the consortiums to use the port for a fixed period.

# Lucas cuts are no sign of crisis

WHILE the redundancies of more than 1,000 workers at Lucas Aerospace in Burnley comes as a severe blow, they are not a sign of major crisis in the UK aerospace component industry.

Undoubtedly there are problems arising from the slow down in orders for new aircraft and from such cuts in military work as the decision to reduce production rates on the Tornado multi-role combat aircraft. But aerospace components and equipment manufacturers are generally busy.

The immediate problem at Lucas Aerospace, the UK's biggest individual supplier of components for a wide range of civil and military aircraft, stems from the problems encountered by Rolls-Royce on its RB-211 engine programme.

The Burnley plants were heavily involved in metal fabrication of parts for the engine, which is widely used in Boeing 747 jumbo jets, Lockheed TriStars and the new Boeing 757.

Rolls-Royce has suffered considerably over the past year or so from the marked slow down in airliner orders, as a result of the economic recession. It is especially likely to be affected by Lockheed's decision to end TriStar production from 1984, when the last of the outstanding 21 firm orders for TriStars is completed.

Over the past year or so, Rolls-Royce has been meeting its own problems by laying off part of its own labour force—about 5,000 were cut from the

overall payroll last year—and it is continuing the process this year.

Earlier this week there were redundancies announced at the Rolls-Royce engine factory at Monksorrel, in Leicestershire, following lay-offs at Hillington near Glasgow.

Rolls-Royce is trying to reduce its own redundancy problems by pulling back work into its own factories. This is bound to leave some of its subcontractors in a difficult position.

Lucas Aerospace, with more than 13,000 workers in the UK, does not envisage any more problems of this kind, at least in the foreseeable future. It is active across a wide range of aerospace equipment and component products.

Elsewhere in the aerospace industry, the picture is broadly similar—there are pockets of difficulty (Short Brothers of Belfast recently announced a workforce cut of 650 because of lack of orders) but in general the industry is active.

The recently announced slow-down in production of the Tornado combat aircraft, with the UK holding output at about 40 a year instead of raising it to more than 80 originally planned, may still cause prob-

lems for some equipment makers.

On the other hand, substantial military contracts are likely to be placed with the equipment and component industry soon, such as those associated with the RAF's procurement of 60 of the advanced McDonnell Douglas/British Aerospace AV-8B Harriers the UK will also pick up work on the 336 AV-8Bs ordered for the U.S. Marine Corps.

While some aerospace equipment makers are finding new business tough to get, they are not yet in desperate straits. Most of them are managing to maintain a high volume of output.

All, however, like the main airframe and engine companies, are anxious to see the end of the recession, and a return to increased airline orders and consequent equipment and component buying.

**Wind generator project launched**

THE FIRST of two meteorological masts has been erected on the 525 ft Burgar Hill in Evie, Orkney, as part of the site works for Britain's first megawatt size wind-powered generator to be built later this year at a cost of £5.6m.

This mast is almost 100 ft high, while the second will be 260 ft. They will be used for recording the speed of the wind.

# Until now, choosing a small business computer was as hard as running a small business.

The difficulties involved in buying a small business computer used to be enough to send most businessmen running back to their offices to tackle something simple like the last six months' tax returns.

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Digital's independent computer suppliers offer complete packages of software and hardware tailored to suit the exact needs of any small business, so all your equipment comes from a single source.

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UK NEWS = LABOUR

Power unions reject 5.5% offer

BY BRIAN GROOM, LABOUR STAFF

UNION LEADERS of 90,000 manual workers in the electricity supply industry yesterday rejected an opening pay offer which they calculated to be worth about 5.5 per cent on a basis rates.

Last year the power workers won an increase of 10.8 per cent on salaries, worth 13 per cent taking into account a cut in working hours.

Sullom Voe staff hope for move to avert strike

By Mark Meredith, Scottish Correspondent

THE 210 workers at the Sullom Voe oil terminal in the Shetland Isles said yesterday they hoped for a conciliatory gesture from British Petroleum to stop a strike due to start at noon today.

Civil Service pay negotiators told of 'easy recruitment' scope

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT stressed the impact on the Civil Service of market forces, and in particular the ease of staff recruitment at a time of high unemployment, when it opened pay negotiations yesterday with leaders of the 530,000 white-collar civil servants.

strained in public spending on level of jobs and investment through taxes and interest rates.

Leyland strike may cost engine orders

BY IVO DAWNAY, LABOUR STAFF

JCB, the earth-moving equipment manufacturer, at Rochester, Staffs, warned strike-hit Leyland Vehicles yesterday that if normal production of the 98 series engine did not resume by a week today the company would place its orders elsewhere.

JCB, which has bought engines for over 15 years, accounts for about one-third of the 98 series production, worth 25m a year.

Dunlop managing director to meet Semtex protesters

BY ROBIN REEVES, WELSH CORRESPONDENT

MR ALAN LORD, managing director of the Dunlop Group, and former Treasury Permanent Secretary, today faces for the first time, leader of the 450 workers at the company's Semtex factory at Brynmawr, South Wales, who began occupying their factory nearly nine weeks ago.

Plessey sit-in to defy court order

BY OUR SCOTTISH CORRESPONDENT

WORKERS at the Plessey capacitor factory at Bathgate, near Edinburgh, decided yesterday to continue their sit-in despite a court order to leave the plant.

demanded and over-supply of capacitors.

NOTICE OF REDEMPTION

Occidental Overseas Capital Corporation

7 1/2% Guaranteed Sinking Fund Debentures due March 1, 1984

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of March 1, 1969 between Occidental Overseas Capital Corporation, Occidental Petroleum Corporation, Guarantor, and The Chase Manhattan Bank (National Association), Fiscal Agent \$1,800,000 in aggregate principal amount of the above-captioned Debentures will be redeemed for the sinking fund on March 1, 1982 at the redemption price of 100% of the principal amount thereof, together with accrued interest to March 1, 1982.

The numbers of the Debentures to be redeemed are as follows:

Table with columns for Debenture numbers and corresponding values. Includes a list of names and addresses for agents.

On March 1, 1982, there will become due and payable on the Debentures to be redeemed the principal amount thereof together with accrued interest to March 1, 1982. On and after March 1, 1982, interest on the Debentures to be redeemed shall cease to accrue.

Payment of Debentures to be redeemed will be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment therein of public and private debts.

- List of agents for Occidental Overseas Capital Corporation, including The Chase Manhattan Bank, N.A., Banca Commerciale Italiana S.p.A., and others.

Compens which shall mature on, or shall have matured prior to, said redemption date should be detached and surrendered for payment in the usual manner.

Occidental Overseas Capital Corporation By The Chase Manhattan Bank (National Association), Fiscal Agent

Dated: January 29, 1982

GOOD RELATIONS GROUP plc

Notice is hereby given of the appointment of Lloyds Bank Plc as Registrar

All documents for registration and correspondence should in future be sent to the address below:

G.E. GOODALL, ESQ., M.A., A.C.A. SECRETARY

Lloyds Bank Plc, Registrars Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA. Telephone: Worthing 502541 (STD code 0903)

BASE LENDING RATES

Table listing various banks and their base lending rates, including Allied Irish Bank, Grindlays Bank, and others.

Tailors' ballot on pay action

MORE THAN 5,000 workers at Carrington Viyella are to be balloted over possible selective industrial action in pursuit of a 5 per cent wage rise.

The Griqualand Exploration and Finance Company Limited

(Incorporated in the Republic of South Africa)

Issued Capital - R577,500 in 11,950,000 shares of 5 cents each

UNAUDITED CONSOLIDATED RESULTS OF THE GROUP

Table showing financial results for the group, including operating results, financial results, and capital expenditure.

Notes: 1. Consolidated results are given, as information relating to the company only could be misleading.

On behalf of the Board N. C. OFFICER, L. K. JOOSTE, Directors

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# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Christopher Lorenz examines Sony's product strategy while Louise Kehoe looks at Silicon Valley's reaction to the Japanese challenge

## Why the Japanese are prepared to wait . . . and wait

SONY IS prepared to wait over 20 years for a new product development programme to pay off, according to the company's founder and chairman, Akio Morita.

This unusually long term strategy, plus audacious marketing and advanced production technology, are three of the key components in Sony's remarkable success, says Morita.

In common with other Japanese companies, Sony's long view of profitability is reinforced by a rewards system which gives bonuses to shop floor workers, but not to managers.

Outlining his marketing strategy for transistor radios in the early days of his company's life in the 1950s, Morita said: "We realised that we had to begin by promoting the usefulness of our product in the new concept of a personal radio."

Other companies followed a rather different strategy, he said. Some bought a good new product and marketed it under their own brand name. Others made it themselves but did not market it, instead turning it over to a company strong in marketing capacity to sell it for them.

To open up such a new marketing channel, in addition

to manufacturing the product, was a very risky enterprise, said Morita. So top management had to take full responsibility, just as it had to for technological development.

Morita claimed that none of Sony's development projects had ever been "a big flop," and attributed this to the careful way in which projects are controlled, and in particular to the role played by the company's technological planning group, which reports direct to the eight-man top management team.

But the company was able to sell it in certain sections of the market because of its new features. Sony then decided that the tape should be in cassette form so that the general public would be able to use the recorder. Its first such product, today called the U-matic, was introduced in 1969, well over a decade after development work had first begun.

Following the now classic strategy of moving from low volume high cost industrial market into the lower cost consumer sector, the company's next development was a small video cassette recorder for home use.

When the first "Betamax" was introduced in 1975, "people criticised us, saying that no one would need such a machine," said Morita. "We therefore devoted our efforts to spreading our new concept among the public. The task was a great challenge. It required a great amount of investment on the marketing side."

Sony's video recorders were an example of the way the company had met, the challenges of development, production and



Akio Morita: has his eye on the future Roger Taylor

was also quite expensive. But the company was able to sell it in certain sections of the market because of its new features.

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Sony's video recorders were an example of the way the company had met, the challenges of development, production and

marketing, Morita continued. Nearly every industry in Japan has behaved in the same way, he said. "I believe that this is the way in which Japan has been able to develop its industrial power."

New technology was crucial to future success, he stressed. But the task of developing it would be so large in future that "it will be necessary for corporations to join together".

Once the technology had been developed, however, Morita said each company would have to decide by itself what kind of products to make with it, in what way, and then compete.

## The chips are down in California

"SILICON VALLEY could become the next Detroit," Governor Jerry Brown of California warned recently. Japanese imports are threatening the U.S. semiconductor industry today in the same way that they have already crippled Detroit's automobile makers.

Despite falling profits, however, the major companies have resisted the obvious temptation to lay off some of their workforce. Instead they have allowed attrition to reduce their payrolls somewhat, while putting considerable effort—and money—into management schemes to increase productivity, cut production costs and enhance product quality.

National Semiconductor takes the threat from Japan more seriously than most. Charles E. Spork, the company's president, has told his workforce, "We are at war with Japan—not with guns and ammunition, but with an economic war with technology, productivity and quality."

To bring that message home to all employees, National sent a team of four employees, representing a cross section of the company, together with a film crew, to Japan to view first hand what "Made in Japan" really means. The resulting film documents a visit to a Japanese toy factory, and brings out the dedication of the Japanese workers to their company and the pride that they take in producing quality products "for the customer."

In a particularly revealing scene, the Japanese quality control manager tells his U.S. counterpart that he puts the company first—even before his family. Another episode depicts a couple being married by the plant manager.

While National has no desire to exact favour from its workers, the company is showing the film to all its employees "to heighten their awareness of the Japanese challenge."

"This is not a reaction to a bad situation," claims Tim Thorsteinson, National's manager of corporate human performance programmes. "The film is part of our effort to communicate basic business information to everybody—to make them more involved."

resources management strategy on a programme called "Quest for quality enhancement strategy."

Key elements of the programme are employee involvement, goal orientation, feedback and recognition for accomplishments. The programme is designed to be applicable to both blue and white collar workers and is being implemented at National's plants worldwide in the U.S., Asia and in Scotland.

Putting the principles into action, Thorsteinson has devised a problem-solving process that he calls TAP—for target analysis process. The process sounds remarkably simple. The

"We are at war with Japan . . . an economic war"

management of a group of workers—it could be a production line, a marketing group or a design group, for example—identifies a problem. All employees of the targeted group then meet for a TAP session.

Using the symbol of an archery target, the meeting begins with a brainstorming session in which all suggested solutions are listed in the outer ring. The group then votes to select seven of the proposals for discussion. Another vote moves three possible solutions into the next ring of the target. These ideas are further discussed until a final solution can be placed at the bull's eye. The whole process, according to Thorsteinson, takes less than an hour.

If it all sounds too easy, then Thorsteinson is the first to admit that it isn't always. Sometimes the solution arrived at is difficult to implement. On other occasions—such as when the system was recently introduced at National's plant in Greenock, Scotland—different production shifts will arrive at opposing solutions to the same problem. There, groups of workers discussed absenteeism. One shift suggested changes in the incentive scheme, while the other called for penalties for absence. "If for some reason a solution cannot be implemented, then management should explain why to the workers," Thorsteinson says.

On the whole, however, TAP has been remarkably successful. National is basing its human

ful. National claims that yield improvements obtained using the process at the Scottish plant have been so high that it will not reveal the figures. "The scheme has saved National millions of dollars," Thorsteinson claims. His goal is to return to the company ten times the cost of the programme in measurable improvements of productivity.

"We are over half way to that goal," he says.

Thorsteinson believes that his scheme has several advantages over the quality circle approach that is taken by several other semiconductor companies. Quality circles, he suggests, require eight to 12 weeks of training, involve only employees who volunteer and can be applied to only one problem at a time.

National's approach to improving its competitive position contrasts sharply with that taken by Intel—one of its major competitors in the semiconductor business. Intel's president Andrew Grove recently instituted what he calls the "125 per cent solution"—a scheme to increase the company's productivity.

He has asked all salaried staff (this does not include hourly paid labour or clerical workers) to increase their efforts by 25 per cent.

Different department managers have interpreted the request for extra effort in various ways, but for most of the 5,000 employees affected it has meant a 50-hour working week. Not surprisingly, some Intel employees are unhappy with the scheme, but, according to the company, most recognise the need to "work our way out of the recession rather than cut the workforce or put people on a shorter working week."

"We work on a management by objectives scheme. Each employee has his own measurable objectives, and is trying to accelerate them," Jim Jarret, communications manager, explained.

Cynics have even suggested that Intel is looking for a way to decrease its workforce without having to lay people off, but Jay Elliott, the company's corporate personnel director, denies this charge and says that there has been no increase in the rate of turnover since the scheme was implemented last month.

group has increased orders by 14 per cent.

The security staff group has reduced its costs by holding on-the-job training instead of classes in overtime.

"The only negative effect has been that people get tired," Elliott added. "This is not something that you can continue for ever." Intel is currently planning to continue extended work hours until the end of the first quarter, by which time the company hopes business conditions will have improved.

Advanced Micro Devices has just become the second semiconductor manufacturer to institute a longer working week for its employees. All salaried staff who would normally be paid overtime are being asked to put in an extra four hours per week for no extra pay.

Engineers and managers who do not qualify for overtime but who may normally work beyond 40 hours have been asked by Jerry Sanders, AMD's president, to increase their working time by 10 per cent to make sure that they do not back their efforts.

AMD's rationale for increased efforts is much the same as Intel's—to get new products out faster and reap the rewards of higher profit margins on these devices. There the similarity ends.

The "discipline" of Intel is replaced by style and not a little humour at AMD; reflect-

Intel's 125 per cent solution — a 50 hour working week

ing the character of the company's flamboyant president. AMD has called its productivity scheme LARA—for Let's Achieve Record Activities. Lara, in case you had forgotten, was the heroine of Dr. Zhivago.

"Just as Lara was a heroine in the Russian Revolution, we want our people to be heroes and heroines of the semiconductor revolution," a company spokesman explained.

Stretching the connection even further, he pointed out that LARA means "shining star." "And I don't have to tell you who the shining star of the semiconductor business is, do I?" he added.

L.K.

This announcement appears as a matter of record only.

New Issue

January 29, 1982



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## Typical Dutch?



Cattle markets, windmills and dyke-building are typically Dutch indeed. But so are 1.5 million decision makers with a large financial economic influence. Here is something about the media to reach them.

The Netherlands of the eighties is more than the fairytale country that some tourists still expect to find. The Netherlands prove repeatedly to be a lot greater than its geographical size would suggest. Because of its position, it is strongly internationally orientated, familiar with all brands in the world; open minded enough to try them. And financially sufficiently strong to buy them as well. Because Holland belongs to the 10 richest countries in the world.

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### Typical Dutch!

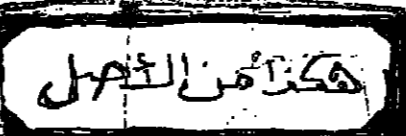
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FT COMMERCIAL LAW REPORTS

Manufacturer can set gilts loss against tax

COOPER v C & J CLARK LTD

Chancery Division: Mr Justice Nourse: February 2 1982

WHERE A trader invests surplus monies in securities in such a way that it can be argued that he does so pursuant to a deliberate and organised profit-making scheme amounting to a trade, the tax commissioners are entitled to take the view that the subsequent losses are trading losses for corporation tax purposes...

If his Lordship's function were simply to decide the case on the facts, he very much doubted that he would have taken the view that the loss of £26,857 arose from a separate trade of dealing in securities. The purchases and sales in question were markedly insignificant in relation to Clark's other activities...

The question whether a given state of affairs did or did not amount to a trade was one of fact and degree. Sometimes it was clear to the court that there was or was not a trade. In such cases the court could interfere with the commissioners' decision. Often, as Lord Simon of Glaisdale said in Ransome v Higgs [1974] 1 WLR 1594 at page 1619: "Between the two extremes there lies a no-man's land of fact and degree where it is for the commissioners to evaluate whether the activity amounted to a trade."

RACING BY DOMINIC WIGAN

RAMBLEX caused more than a minor surprise when he galloped home to a 25-1 victory in last year's Wilfred Johnstone Hunters' Chase. It will be interesting to see how he copes this year with another 7 lbs in the saddle.

He will undoubtedly have his supporters. But the lack of a previous outing and the fact that the race is now being run at Kempton (Sandown being rebuilt) are not points to sway uncommitted backers.

A horse which deserves closer scrutiny is Peter Greenall's progressive young recruit, Song of Life. Ridden by his handler, the 1976-77 amateur champion, Song of Life can get back on the winning trail by taking advantage of the 3 lbs he receives from Josh Gifford's most consistent middle distance chaser of last season, Roadhead.

Gifford, for whom Socks did the trick in the Park Handicap on this programme a year ago, should be back in the winner's enclosure again following his return from a much-needed holiday. In addition to Roadhead he fields Random Leg, amongst the runners for the Fairmile Novices' Handicap Chase.

- KEMPTON 1.30-AI Krwai\*\*\* 2.00-Excelsior 2.30-Random Leg\* 3.00-Song of Life\*\* 3.30-Lockley 4.00-Young Dusky KELS0 1.15-The Chifftanor 1.45-Go Lightly 2.45-Irishman

TELEVISION

Chris Dunkley: Tonight's Choice

I would watch BBC2's In The Country more often if it weren't for Angela Rippon. The too ready smile, the hint of bossiness, the sense of self-satisfaction and traces of sycophancy bring to mind teacher's favourite milk monitor, so I usually watch the series when she is not on. Yet tonight's episode, which promises a visit to St Michael's Mount in winds of Force nine and 10, is very tempting despite her presence. Anyone on wildlife that is under threat of death yet again, for being too serious it seems) in which Keith Kyle considers the West's response to Poland's crisis.

BBC-1 brings 50 minutes of The European Ice Figure Skating Championships from Lyons where Britain's Jayne Torvill and Christopher Dean will be attempting to retain the title. Later it's a top-up between Zorba The Greek on BBC-1, a film which reeks of the mid-sixties, and television's most unpredictable chat show, Friday Night Saturday Morning which is chaired tonight by sociologist Laurie Taylor.

BBC 2

- 11.00 am Play School. 3.55 pm Around with Allis. 4.30 Flying High. 5.00 World Skiing Championships. 10.15 Face the Music: Quiz with Joseph Cooper. 10.45 News Headlines. 10.58-11.15 am The Late Film: "Zorba The Greek" starring Anthony Quinn, Alan Bates and Irene Papas.

LONDON

- 9.35 am Schools Programmes. 11.55 Comic Stories. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Simply Sewing. 1.00 News, plus FT Index. 1.30 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus presented by Elaine Grand and Simon Reed. 2.45 Friday Matinee: "Where the Bullies Fly". 4.15 Dangermouse. 4.20 Razzmatazz. 4.45 Jukes of Piccadilly. 5.15 Square One presented by Joe Brown. 5.45 News. 6.00 The 6 O'Clock Show presented by Michael Aspel, with Janet Street-Porter and Fred Houghen. 7.00 Family Fortunes presented by Bob Monkhouse. 7.30 Hawaii Five-O, starring Jack Lord. 8.30 Shine on Harvey Moon. 9.00 The Gentle Touch, starring Jill Gascoine. 10.00 News. 10.30 Bizarre. 11.00 The London Programme. 11.15 The Breakdown Business. 11.35 Soap. 12.05 am Paris by Night. 12.30 Close Personal Choice with Quentin Crisp. 1.00 News. 1.15 The Breakdown Business in black and white.

BBC 1

- 9.00 am For Schools Colleges. 10.30 pm News After Noon. 1.00 Possible Mill at Sea. 1.45 Bargain. 2.00-2.30 For Schools. 3.20 Pictorial. 3.55 Regional News for England (except London). 4.35 Play School. 4.30 Captain Caveman. 4.30 Thank Again with Johnny Ball. 4.55 Grange Hill. 5.20 The Amazing Adventures of Morph. 5.25 Welcome to Wodehouse (short stories by P. G. Wodehouse). 5.40 News. 6.00 South East at Six (London and South East only). 6.32 Nationwide. 6.45 Sportsworld. 7.00 The Superstars: The Ferguson Men's Championship. 8.00 Fame in the Spur, by Howard Spring. 8.30 Points of View with Barry Took. 9.00 News. 9.25 European Ice Figure Skating Championships from Lyons. France featuring the Ice Dance Championship. 10.15 Face the Music: Quiz with Joseph Cooper. 10.45 News Headlines. 10.58-11.15 am The Late Film: "Zorba The Greek" starring Anthony Quinn, Alan Bates and Irene Papas.

All IBA Regions as London except at the following times:

- ANGLIA 1.20 pm Anglia News. 12.45 Friday Film: "The Appointment" with Vanessa Redgrave. 8.00 About Anglia. 7.30 The Fall Guy. 11.00 Members Only. 11.30 Friday Late Film: "The Night Visitor" starring Max Von Sydow, Tippi Hedren and Michael York. 1.25 am-11.55 am All in the Opera. BORDER 1.20 pm Border News. 12.45 Film: "The Window Boy" starring Robert Donner and Margaret Leighton. 8.00 Lookaround Friday. 7.30 The Fall Guy. 10.30 Take the Mick. 11.00 Bizarre. 11.30 Border News Summary. CENTRAL 1.20 pm Central News. 2.45 Murder and Mystery Matinee: "The Old Man Who Cried Wolf" starring Edward G. Robinson. 4.55 Windows. 6.00 Central News. 7.30 The Fall Guy. 11.00 Central News. 11.05 Invitation to Terror. "Halloween Night" starring Donald Pleasence. 12.55 am Starry Starry Night. CHANNEL 11.55 am Look and See. 1.20 pm Channel Lunchtime News. What's On Where and Weather. 12.45 The Friday

GRAMPIAN

- 11.55 am Emmerdale Farm. 5.00 Channel Report. 6.35 All That Jazz. 7.30 Hart to Hart. 10.28 Channel Late News. 10.58 August 19th in France. 10.40 Mysterious Tales. 10.45 Three's Company. 11.15 Continental Cinema: "The Cat". 12.45 am News and Weather in French. THE LATE NIGHT FILM: "Gentlemen Prefer Blondes" starring Jane Russell and Marilyn Monroe. HTV CYMRU/WALES-As HTV WEST except 11.34-11.49 am About Wales. 12.00-12.15 pm Fiddlers. 1.14-1.45 Marched Y Sook. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30-11.00 Outlook.

SCOTTISH

- 1.20 pm Scottish News Headlines. 2.45 Abbott and Costello. 2.50 Friday Matinee: "Man Without a Country". 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 7.30 Thumpingjig. 10.30 Ways and Means. 11.00 Bizarre. 11.30 Liza Call. 11.35 The Streets of San Francisco. TSW 1.20 pm TSW News Headlines. 12.45 "Green Grow the Rushes" starring Richard Burrell, Honor Blackman and Roger Livesey. 4.12 Gus Honeyburn's Magic Birthdays. 6.15 Emmerdale Farm. 6.00 Today South West. 6.30 What's Ahead. 7.30 Hart to Hart. 10.32 TSW Late News. 10.35 Postscript. 10.40 Mysterious Tales. 10.45 Three's Company. 11.15 Continental Cinema: "The Cat" starring Jean Gabin, Simone Signoret and Annie Cordy. 12.45 am South West News. 11.00-11.15 TVS 1.20 pm TVS News. 2.45 Friday

RADIO

- 5.00 am Radio 2. 7.00 Miles Road. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 6.30 Newsbeat. 6.45 Roundtable. 7.00 Andy Paskin. 10.00-12.00 The Friday Rock Show (S). RADIO 2 5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 6.00 David Hamilton (S). 6.45 News Sport. 8.00 John Dunn (S). 8.00 Sequence Time (S). 8.45 Friday Night Music Night (S). 9.55 Sports Desk. 10.00 Listen to Lee. 10.30 Anything for a Laugh. 11.15 Brian Matthew with "Round Midnight". 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S). RADIO 3 6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued) (S). 9.00 News. 9.05 This Week's Composers: Albinoni and Marcello (S). 9.15 Helos Quartet of Stuttgart (S). 11.20 Very Old and Very New (S). 12.15 pm Midday Concert, Part 1 (S). 1.00 News. 1.05 Interview. 1.20 Midday Concert, Part 2 (S). 2.05 Cello and Piano, Recital (S). 2.45 Zuzana Ruzickova, Harpsichord Recital (S). 3.25 Mahler and Prokofiev (S). 4.00 Choral Evening (S). 4.55 News. 5.00 Mainly Piano (S). 5.15 Play It Again (S). 7.00 Sibelius (S). 7.30 Songs by Fauré, Wolf and Strauss, Part 1 (S). 8.05 Poetry Now (S). 8.25 Songs by Fauré, Wolf and Strauss, Part 2 (S). 8.15 The Moment of the Flying Fish (short story by Jack Trevor Story). 9.30 Copland and Garshwin (S). 10.15 Book, Music and Lyrics (S). 11.00 News. 11.05-11.15 Vacations, by Satie (S). RADIO 4 6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 6.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Great Families of Britain.

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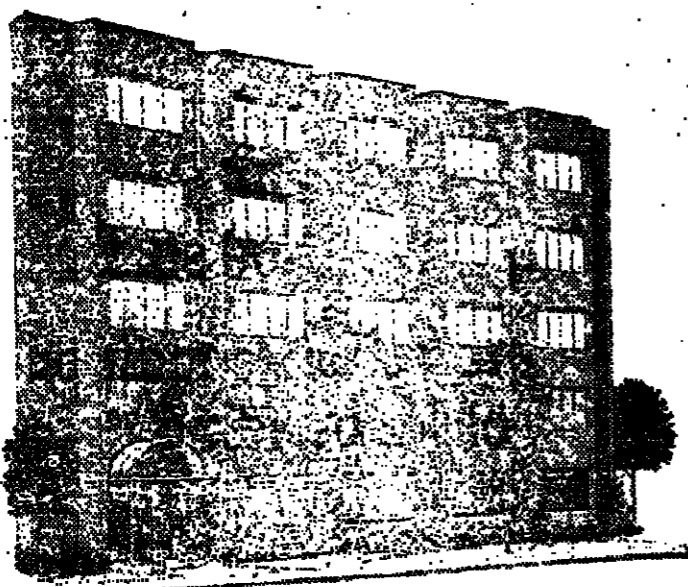
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TECHNOLOGY

EDITED BY ALAN CANE

Eastman Kodak has launched its new camera—a revolution for amateurs, says ELAINE WILLIAMS

# Disc could turn the film process industry on its head

EASTMAN KODAK hopes to turn the amateur photographic industry on its head with its new camera system. Announced only two days ago, the camera, aimed at the mass market, uses a revolutionary disc instead of a conventional roll film. Kodak says it is inexpensive, simple to use and produces better quality pictures than most pocket cameras.

The pocket sized disc camera is due on the U.S. market in May and will be launched in Europe in the autumn. Kodak hopes that it will give a new lease of life to the amateur photographic market which has shown slow growth in the past few years. It will also mean that film processors — whose business is

worth more than £210m a year in the UK alone — will need to buy new equipment to process the new film. For Kodak, which processes more than 25 per cent of all films in the UK and other film processors, the new system could lead to cheaper processing because the disc system is ideally suited to almost completely automatic processing. The company has already designed the processing equipment and has started to install some at its laboratories in Hemel Hempstead as well as the U.S.

The disc is reminiscent of a child's View Master disc having 15 film frames. It is enclosed in a protective plastic cartridge which is simply slipped into the camera. From each frame, which measures only 8mm by 16mm, standard sized prints can be made. Kodak claims that the quality of the print is an improvement on both "instant" and pocket type camera pictures.

Once loaded, the camera with its microprocessor brain takes over control. It is powered by lithium cells which will probably last longer than the camera itself, and the microprocessor ensures that energy is not wasted by automatically switching off.

All the user has to do is aim the camera. The microprocessor

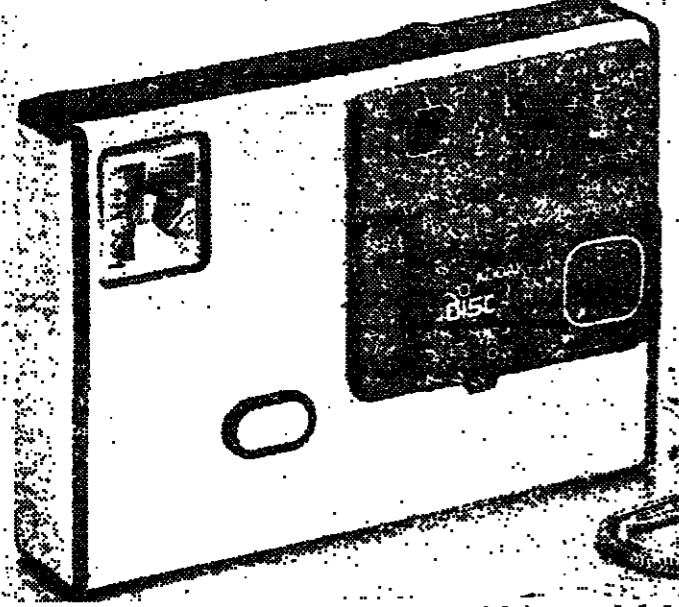
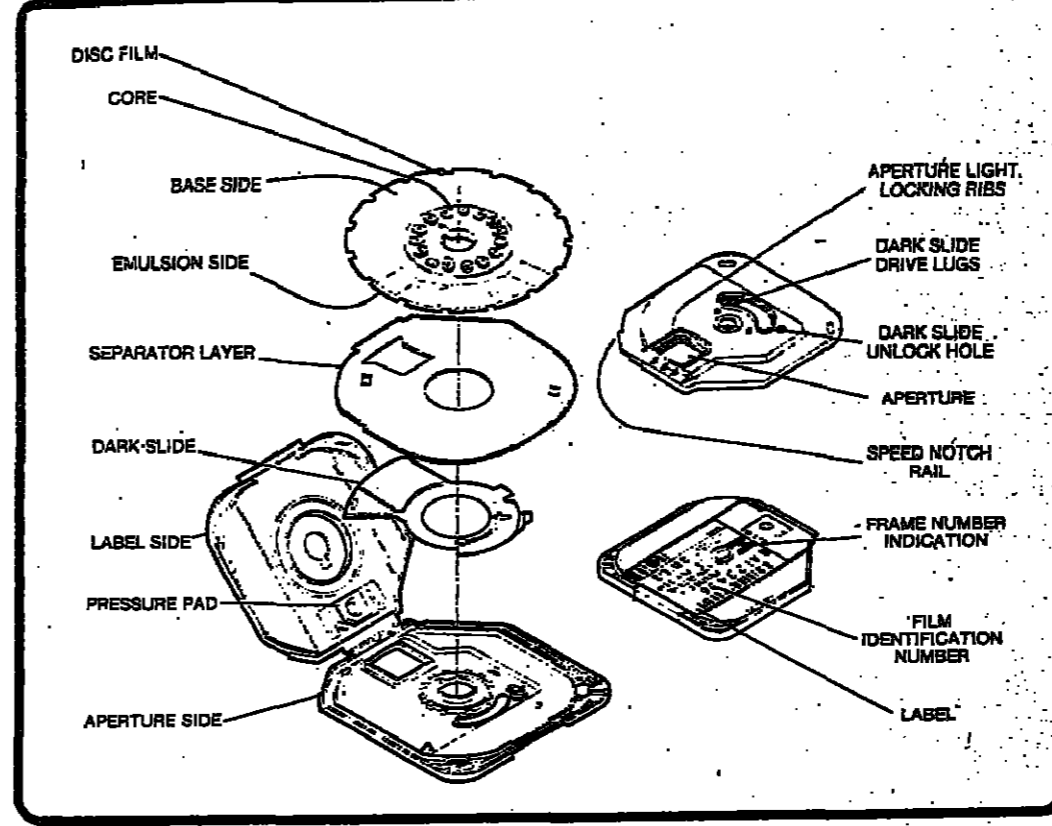
detects the light level, sets the exposure, operates the flash if light conditions are poor, and automatically advances the film to the next frame once the button has been pressed. Kodak has also introduced a new film which at 200 ASA is twice the speed of film used for instant films. This means that the number of blurred photographs caused by too much movement while taking pictures is reduced.

While the prospect of a relatively cheap camera system, which is practically 'idiot proof', would be welcomed by the average holiday snapper, Kodak's new system will mean costly investment for the film processors with Kodak the sole supplier of the equipment.

The discs can be stored easily and Kodak hopes that this will stimulate more reprints which is a small part of the processing market. Kodak's announcement comes at a time of increasing competition from Japanese manufacturers for its traditional film and camera markets.

In the future, the company, which has an estimated 60 per cent of the free world's amateur photographic market, faces the prospect of more pressure from electronic cameras which store images on magnetic tape and disc instead of chemically based film.

Sony, in Japan has already



The Eastman Kodak disc camera and (top right) an exploded diagram of its innards.

announced its Mavica camera, based on this principle, which will be on sale next year.

However, Kodak shrugs off this electronic threat saying that image quality is poor on

the video systems and most people want to carry pictures around with them instead of having to watch them on a television set which is required with the Mavica system.

However, the company is known to be developing electronic systems of its own, but will wait until the market and the product is right before introduction.

## Controller for welds in the '80s

BRITISH FEDERAL WELDER has introduced its Micropak 16 controller which offers up to 16 programmes and can be arranged individually for spot, projection, seam, multi-welder and robotic applications.

The controller can monitor the status of the weld, cycle time, programme number in use and also has a fault code system.

### Interest

When linked to a central computer up to 254 separate Micropak units can be connected via a single databus.

The company calls it the "World Control of the Eighties" and says that it has been developed to BL to supersede existing weld control systems. As a result, other international manufacturers are showing interest.

British Federal Welder, Castle Mill Works, Dudley, Midlands, (0284 54701).

## Stock Miser device due for April launch

BY RHYS DAVID

BIG improvements in stock control are claimed from the use of a newly developed measuring device which converts the height of liquids or solids in a vessel into a volume read-out or print-out.

The microprocessor-based system, called the Stock Miser, has been developed in Manchester in conjunction with the University of Manchester Institute of Science and Technology (UMIST) by the UK subsidiary of the Swiss measurement company Endress-Hauser.

It is being evaluated by a number of potential customers in process industries including Greenall Whitley and Courage, the brewing groups, and Fibreglass, the Pilkington subsidiary. A formal launch of the product will take place on April 1.

As well as converting linear height in a tank into volume the device is also capable of giving consumption rate details, desired delivery times and quantities, and can activate an alarm when reordering is necessary.

The system costs roughly twice as much as the £500-600 a conventional level gauge might be expected to cost but this can soon be recouped, the company claims, from better stock control efficiency.

In addition to the single channel instrument the company is also offering a multiple channel device linking up to eight vessels to the microprocessor controls. Further development of the system will lead, it is hoped, to a device suitable for use with batch as well as continuous production processes.

Endress and Hauser, founded by two Swiss nearly 30 years ago, is now a major force in process measurement with more than 1,200 employees worldwide and manufacturing facilities in a number of European countries and in the U.S. and Japan.

From level measuring—its first area of activity—the company has moved into flow, moisture and analytic measurement. The main applications of the company's devices, are in

production control—ensuring continuity of output, thereby ensuring good intermediate and end-production; and in safety—preventing tanks from overflowing or pumps from running dry.

In the UK, where the company set up a sales office in 1968, sales have grown to about £2.5m last year, with MI and BP now among the regular customers. The British subsidiary, employing about 60 people, moved to new premises in Manchester in late 1980, representing an investment of £500,000.

According to the company, this has made possible a six-fold increase in UK manufacturing capability, reducing dependence on imports from other parts of the group, creating jobs and offering the opportunity of exported products.

The company imports much of its requirements for the British market from sister companies but claims to have increased to around one-third its local manufactured proportion of sales.

### Grant benefit

Apart from the Stock Miser the UK develops all custom-built products and other special instruments required specifically for the UK market such as underground heavy-duty level switches for the NCB.

In developing the Stock Miser the company has benefited from a 25 per cent grant under a Government MAPCON scheme aimed at speeding the introduction of microprocessor controls into industry.

The UK company is now hopeful that if the product is successful in the UK it will be adopted for sale by other group companies. Considerable interest is already being shown by Endress & Hauser's German subsidiary, its biggest, and by other companies in the group. Endress & Hauser (UK) is at Ledson Road, Manchester (061 998 0321).

# On March 3rd, the Barbican Centre is taking off in all directions.

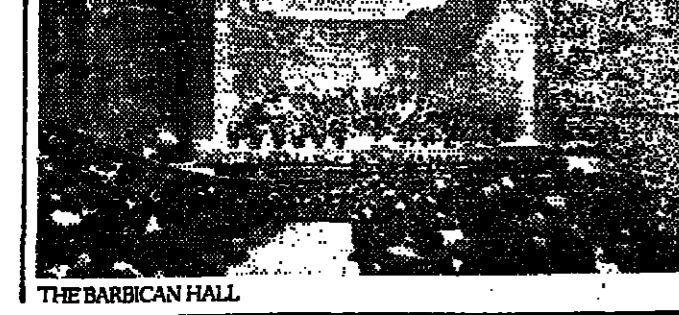
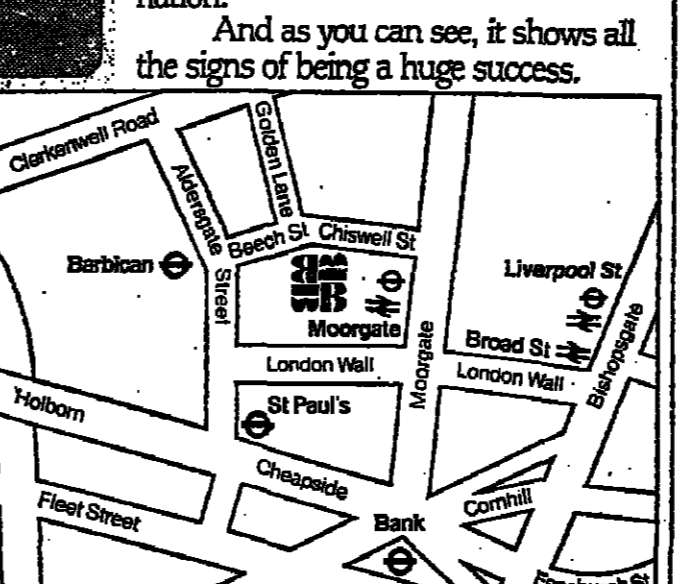
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too. In fact, each part of the Barbican Centre has been designed to enhance the appeal of the events that take place within it. And as we've been to all this trouble, it won't come as a surprise to learn that many of these events will feature the world's finest artistic talent. In the coming months and years you'll be able to enjoy everything there from concerts, plays and films to premieres, and art exhibitions. You won't even have to be a ticket holder to enjoy the Barbican either. Many areas in the Centre will be open to everyone so it's always going to be worth a visit to wander around and see what's going on. The Centre is being opened on March 3rd by Her Majesty The Queen (which means we'll be rather busy that day). But from March 4th, you'll be able to see for yourself just why the Barbican is capturing the imagination not only of London but of the whole nation. And as you can see, it shows all the signs of being a huge success.

atmosphere of luxury and comfort. That the London Symphony Orchestra is making the Hall its base is proof indeed of how good it is. There's the Barbican Art Gallery—two levels of floor space flexible enough to display everything from an exhibition of large canvases to a series of Dutch miniatures in the ideal setting. And the Barbican Cinema makes a delightful place to see a film. Wide, fixed seats—a feature of all Barbican seating—ample leg room, superb sight-lines from every seat, a bar outside—all this and great films

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# FINANCIAL TIMES

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Friday February 5 1982

## Schmidt faces his critics

"WITH ONE bound he was free," say the comic strips to explain how the hero emerges from an unusually tight corner. By requesting the confidence vote which is being held in the West German Parliaments today, Chancellor Helmut Schmidt is out to perform a similar feat of liberation. His immediate aims are threefold.

First, Herr Schmidt wants to call his unruly Social Democrat (SPD)-Liberal Free Democrat (FDP) coalition to order after months of wrangling, not least about economic and budgetary strategy. The country faces four key Laeder (provincial state) elections this year. If the coalition does not pull itself together then by the late autumn the opposition parties may have a two-thirds majority in the Bundesrat, the upper house, which groups Laeder representatives. That in turn could mean an insuperable obstacle to the SPD-FDP's legislative programme and force a premature general election.

**Uncertainty**

Second, Herr Schmidt intends to underline to foreign governments that he remains on top in Bonn, whatever doubts they may have that he is not the "Iron Chancellor" he used to be. Above all, he was struck by the hostile reaction of much of the U.S. press during his trip last month to Washington, when he was portrayed as irritable and, especially on the Polish crisis, irresolute. The Chancellor now wants to make clear that his Government can still take difficult decisions and that "when the chips are down" support for him in the coalition is all but unanimous.

Finally, by removing uncertainty about his own position, Herr Schmidt hopes to boost business confidence, without which Bonn's newly-approved plans to try to increase investment and create jobs will run into the sand. The lengthy bickering within the coalition about whether there should be a new "employment programme" and if so how it was to be financed not only upset the business climate. The persistent uncertainty about whether the Government would stick to its restrictive public borrowing target (in the end it has done so) has surely been one factor recently depressing the Deutsche Mark.

Those are Herr Schmidt's short-term aims, and he stands at least a fair chance of gaining what he is after. But it is clear that the weapon of a confidence vote can be used very sparingly

## A champion of index-linking

"THE PURPOSE of pension schemes is to pay pensions, not just to accumulate funds," Professor David Wilkie, Research Actuary of Standard Life, was scathing at yesterday's Financial Times Pensions Conference. He was referring to the way that company pension schemes have attempted to profit from inflation by enjoying enhanced nominal returns from investment while refusing to maintain the real value of pensions being paid to pensioners. In fact, pensions are sometimes upgraded, but usually by the full amount of inflation, and then only on an *ex gratia* basis, at any rate outside the public sector.

**Bargaining**

It has turned out that pensioners have had less effective bargaining power than either the employers, who are usually striving to keep down the cost of pension schemes, or the employees, who are torn between the attractions of immediate and deferred pay, and are usually biased towards the former.

Yet to leave the real value of pensions in payment to be determined by the accidental interplay of the inflation rate on the one hand and employers' prosperity and goodwill on the other destroys much of the point of the system of funded pensions.

At least it is now possible, following the launching of three index-linked gilt-edged issues, to work out the cost of obtaining protection for pensioners against inflation. As is now well known, the real return has been established on these stocks at around 3 per cent (if their ownership were not restricted to pension-funds it would presumably be lower). Prof Wilkie calculates that an index-linked pension for a man of 65 would cost more than twice as much as a fixed money pension: £100 would buy £9.33 per annum inflation-proofed, against £18.85 fixed, assuming a 15 per cent interest rate in nominal terms.

But what can be done about this? It is all very well for Prof Wilkie to calculate that the cost of a proper indexed system in the UK in present conditions, on a simple pay-as-you-go basis, would cost between 17 and 21 per cent of earnings. Perhaps this contribution rate could be reduced a little for funded schemes if it were possible to assume a positive real return on investments. But it would still be higher than the funding rate of most schemes at present.

In present harsh conditions, moreover, many employers are inclined to reduce contributions rather than increase them. And many in the pensions industry would estimate the cost of inflation proofing a two-thirds final salary scheme to be greater than Prof Wilkie's figure, to judge by the chorus of disapproval which greeted the Occupational Pensions Board's modest proposals on improving transferability. The threat of "knock-on" effects in terms of pensioners' likely demands to be treated at least as well as ex-employees was also emphasised.

**Realistic**

The general argument of the pensions industry has been that inflation-proofing of pensions would simply be too expensive on the basis of normal benefit levels; and that to cut benefits would involve the breaking of commitments and the aggravation of employees on a scale which would be alarming to contemplate.

What is needed now is that other experts in the pensions industry should make their realistic assessments of the costs of inflation-proofing. Prof Wilkie has been a lone voice for too long. Whatever the private pensions industry may have hoped, the indexation of public sector pensions is here to stay. The private sector should take up the challenge laid-down by last year's Scott Report.

**I**N RECENT weeks the Soviet economy has been sending out a series of unmistakable distress signals in the shape of forced sales of key hard-currency earners such as gold, diamonds, timber and oil products.

The depressed price of gold and a recent sharp drop in the gas oil futures market partly reflect the impact which such sales have had on Western markets already depressed by high interest rates and the general economic slowdown.

But the market impact of such sales is relatively insignificant beside what they reveal about the parlous state of the Soviet economy and the economic restraints now facing Soviet-policy-makers at a time of impending top-level changes in the Soviet leadership.

They indicate that the Polish crisis and the longer-term failure of the Brezhnev regime to implement fundamental reforms of the central planning system and collectivised agriculture—while simultaneously increasing military and other commitments—has seriously overstressed the economic system.

Ironically, this may partly be because of the low priority given to the economic implications of policy decisions taken by the Soviet Politburo. Mr Alexei Kosygin, the former

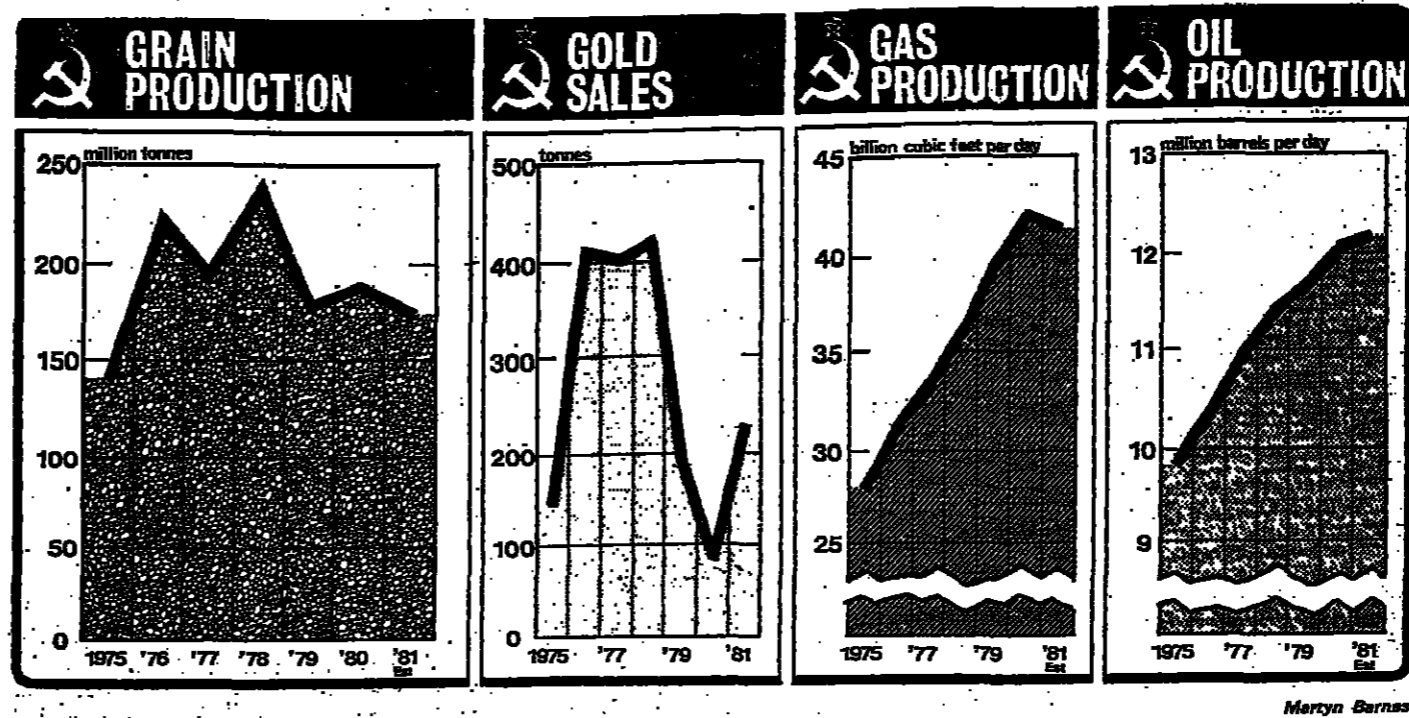
### Conspicuous waste has been a feature of the system

Prime Minister who died last year, was the only Politburo member who had a thorough grasp of the economy and economic problems. His successor, Mr Nikolai Tikhonov, is older than Mr Kosygin was. There is no evidence that he is capable of the kind of reforming zeal with which Mr Kosygin tried to introduce changes into the economy after 1965.

The Kosygin reforms were subsequently strangled by the conservative and suspicious bureaucracy and buried after the Soviet military intervention which crushed the Czechoslovak economic and political reform movement in 1968. Only Hungary managed to carry the torch of economic reform through the last years of the 1970s.

The death last week of Mr Mikhail Suslov, meanwhile, has removed the most orthodox defender of neo-Stalinist doctrine in both the economic and political spheres. But even before his death, the Politburo had reluctantly come to the conclusion that exhortation, for long Mr Brezhnev's favourite weapon, was not enough, and that elements of Hungarian-style price reform and devolution of economic decision-making to managers was required.

Thus, on January 1 this year,



the Soviet Union introduced sharply higher wholesale prices for many industrial raw materials and energy products, especially oil. This represented belated recognition of the fact that the absence of a rational pricing system which linked input prices to actual costs of production has led and was leading to massively wasteful use of increasingly scarce and expensive resources.

Conspicuous waste has been a feature of the Soviet economic system as conspicuous consumption in the West. But the factors which made this possible—abundant supplies of cheap labour from the farms and cheap, accessible resources in the industrialised western part of the huge country—no longer exist. The progressive exhaustion of accessible resources and the eastward shift in the economic axis towards Siberia have significantly increased the costs of producing and transporting these formerly abundant resources.

This trend was partially masked during the 1970s by a dramatic improvement in the Soviet terms of trade, due to higher world prices for its energy and raw material exports. At the same time, Western-willingness to lend to the Soviet Union and its Comecon partners provided a capital infusion of around \$75bn to Comecon borrowers over the decade. Importing Western plant and equipment on credit was seen as an alternative to economic reform.

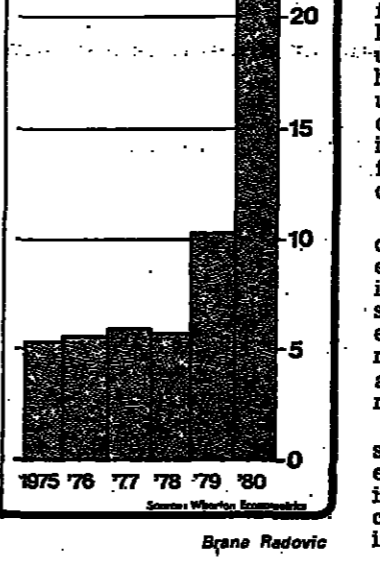
But the continuing Soviet arms build-up, the inability to resist the opportunities for expansion of Soviet influence in Asia and Africa, brought about by the U.S. post-Vietnam trauma, and latterly the crisis in Poland have brought about a significant hardening in Western, especially U.S., attitudes. There is now a growing feeling that henceforth the full burden of maintaining the Soviet

empire and supporting Soviet military spending should be borne by the Soviet Union itself.

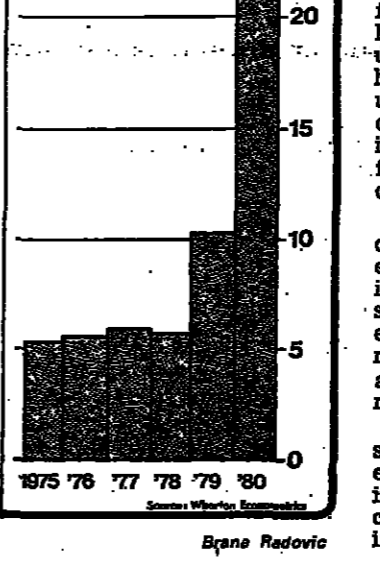
These burdens are huge. Defence spending of all kinds now takes between 12 and 15 per cent of the Soviet GNP. On an opportunity cost basis, Soviet subsidies to Eastern Europe are estimated by some Western experts, such as Wharton Economic Forecasting Associates of Washington, to have cost the Soviet Union over \$20bn last year alone. In addition, the Soviet Union is committed to supplying 10m tonnes of oil to Cuba annually, is fighting an expensive guerrilla war in Afghanistan and is supporting revolutionary regimes in Africa, Asia and Latin America.

As if it were not enough, last year's third bad harvest in a row has saddled Soviet planners

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## Men & Matters

### Kimball gives Lloyd's a sporting chance

If the Lloyd's Bill does get through the House of Commons, the feat will be due at least in part to a curious alliance between the backers of the Bill and the bloodsports lobby. The link is Sir Marcus Kimball, Conservative MP for Gainsborough, and one of the party's few remaining old-fashioned huntin' shootin' fishin' knights of the shires.

Kimball has been an external member of Lloyd's for over 30 years, and an MP for almost as long. Always immaculately dressed, he hunts regularly in Leicestershire throughout the season, and manages to fit in a fair amount of shooting and fishing on his Scottish estate during the recess.

His prime object at Westminster is defending the interests of British country sports from attack by what he would claim are interfering cranks, almost certainly born in town. To this end, he has set up one of the most effective informal political machines in the Commons, which has made him known as the terror of the private member's bill. It is this unofficial whipping operation which he has put at the service of Lloyd's.

Kimball's operation is loosely based on the Parliamentary Field Sports Committee, which most rural MPs are invited to join. Working like the Government whip's office, he has one principal MP in each county who serves to remind others in the area of the abiding interest of their constituents in field sports. Local MPs are also sometimes brought into play. Everything is done very discreetly, but with much careful planning—to say nothing of a certain amount of entertaining.

To date, the Kimball operation has been remarkably effective,

flibustering—though he is not against a "prolonged constructive discussion." His other tactic is to block contentious private member's bills at the end of each session, so as to ensure that they come back again another year—thus making less time for any anti-hunting measures.

The Lloyd's Bill is being sponsored by Anthony Grant, MP for Harrow Central, who took over the task after Sir Graham Page's death. But Lloyd's needed a whip to muster the latent support for the measure in the Tory Party.

It was at this point that Kimball rode into action, encouraging Lloyd's members throughout the country to lobby their MPs, and using his team of field sports' MPs to hunt out the votes at Westminster.

He is modest about his role. "I am not an intellectual. I don't get involved in the arguments. I just deliver the vote," he says. Kimball's job has been made easier in the Commons by the blue-blooded ties that still link the City with the Conservative Party.

There are 68 Lloyd's members at Westminster—the great majority Tories. And even if they cannot vote on the Bill, they can be very helpful in persuading their friends to vote "the right way."

On Tuesday night, the Tory benches were covered in blue pin-stripe, and up in the gallery, as one Labour MP remarked sourly, there were "enough members of Lloyd's to write off the National Debt."

Apart from Michael Meacher and Reg Race—the two left-wing Labour MPs who were put on the Lloyd's Bill committee by some, quite possibly malevolent, whim of the Labour whips—the Labour Party left the Tories to argue among themselves for most of the time.

Opponents at Westminster, like those in the City, have come together because they object to different aspects of the measure. Roger Moate, a veteran of the

of either the industrial or the agricultural economy.

The price reforms introduced at the start of this year are almost bound to prove to have been too little, too late. Bolder steps will be required, particularly in agriculture, where the full costs of Stalin's brutal liquidation of the Kulaks and forced collectivisation are now only too clear. Despite the massive expenditure of 27 per cent of all investment funds on the agricultural sector over the last two five-year plans, farm output remains depressingly low. Bad weather can no longer be blamed for everything. Throwing roubles at collective farms is clearly no solution to a sector which has been thoroughly demoralised in the past and which is now deserted by the young and the able.

Western agricultural experts believe that without a new approach to agriculture which recognises a wider role for private and co-operative farms and an effective distribution system, food imports will continue to be a massive drain on hard currency resources, and investment funds will continue to be wasted.

Hitherto, such reforms have been blocked by resistance to admit that collectivisation, one of the key elements in Soviet ideology, has been an expensive failure. Ideological factors were also instrumental in preventing

### Bad weather can no longer be blamed for everything

the kind of economic decentralisation and price reforms pioneered by Hungary. Without them, the centralised planning system has been simply overwhelmed by the growing complexity of modern economic inter-relationships.

It is not wise to attach too much importance to a single individual in the collective Soviet-style of government. But the death of Mr Suslov at least provides an opportunity to take a less rigid ideological attitude in future. The extent of the economic problems now facing the Soviet Union requires an urgent reduction in the military burden, a cutback in foreign economic and military commitments and wide-ranging domestic reforms if the Soviet system is to survive.

Facing up to this uncomfortable truth will pose extraordinary political and ideological pressures on the next generation of Soviet leaders. But as they review the situation they may find themselves with only two real choices. One may be a retreat into economic autarchy, together with its East European partners. The alternative could be a decision to work towards a more genuinely co-operative relationship with the West, which is far less sanguine about East-West co-operation than it was in the heady, early days of détente in the 1970s.

Up until now, the Soviet Union has borrowed relatively little from the West, because rising hard currency earnings made it unnecessary. Now, however, as hard currency earnings are under pressure, the exportable oil surpluses are dropping, and increased gas exports will not fully compensate until the end of this decade at the earliest.

As 72 per cent of Soviet hard currency earnings came from energy exports last year, this is a serious matter. The recent sharp rise in Soviet arms exports, which are currently running at around \$7bn annually, offers only partial relief.

It therefore looks as though something in the Soviet economy will have to give. But in the short run, there is little chance of any significant improvement in the efficiency

campaign for car safety belts, is a director of Alexander Howden Insurance Brokers, a subsidiary of the group which has been in the fore of the fight against separating broking and underwriting.

Others like Archie Hamilton, Viscount Cranborne and Jonathan Aitken are old Etonian friends of Malcolm Pearson, chairman of Pearson Webb Springbett. While Richard Shepherd is a Lloyd's underwriter and Sir Nicholas Bonsor is a member of Ian "Goldfinger" Posgate's syndicates.

The opponents claim to have a number of other supporters in both the Labour and Tory parties. But their basic tactic on Wednesday night was to keep the debate going.

As the evening wore on, it began to sound like an upper-class version of BBC radio's *Just a Minute* as Hamilton enquired over whether a public register of the addresses of Lloyd's members would turn into a handy guide for terrorists.

At the end of it, the Bill's supporters got the closure and yesterday they seemed quietly confident that the Bill would get the time needed to complete its passage.

Kimball was already planning to loose the field sports lobby in the Lords to organise against opponents of the Bill there.

White MPs were debating the Lloyd's Bill, up in the gallery members of Lloyd's were busy tearing up their Conservative Party membership cards as they saw representatives of the Labour left-wing supporting the Bill while blue-blooded Conservatives were scratching out one another's eyes. "We have been lobbying the wrong section of Parliament," commented one insider sitting in the same row as Lloyd's chairman Peter Green. "The noise of the ripping," he added, "was quite deafening."

Observer

POLITICS TODAY

The other Tory leadership

By Malcolm Rutherford



Sir Henry Plumb (left): main contender; Sir James Scott-Hopkins: not the man for the future

AN OLD-FASHIONED leadership crisis has broken out in that other Tory Party — Conservative Members of the European Parliament (MEPs). In Strasbourg next Thursday the European Democratic Group, composed of 80 British Conservatives, two Danish counterparts and one Ulster Unionist, is due to hold its annual leadership election. Some quite serious issues are involved, which we shall come to later. But first the personalities and a little bit of history. The first direct elections to the European Parliament were held in June 1979 — just after the British general election — and were intended to add a new, democratic dimension to the European Community. In Britain only 32 per cent of the electorate voted and probably very few people have heard much about the progress of the Parliament since. Still, there are going to be new European elections in 1984 — again presumably quite close to a British general election — and at the half-way stage MEPs have been taking stock of what they have achieved so far and where they go from here. About half the Tory MEPs have concluded that they ought to get rid of their leader, Sir James Scott-Hopkins. The problem is that Sir James does not want to go, or at least not yet, and is fighting very hard to be re-elected next week. Apart from Sir James, three candidates are in the field. One is Sir Henry Plumb, sometimes described as the best-known farmer in Britain, though in truth he farms very little. Sir Henry made his reputation as president of the National Farmers' Union throughout the 1970s. He has one great asset: a lot of people have heard of him, which is more than can be said of most Tory MEPs. But he also has a disadvantage: he is almost entirely identified with agriculture and since it is the common agricultural policy which has done more than anything else to give the Community a bad name in Britain, it might be tempting fate to elect him. Certainly that is the point made by Sir Fred Catherwood, whom we might call the industrial candidate. Sir Fred will be remembered as former director-general of Neddly, chairman of the British Institute of Management and all sorts of other posts in Britain. He thinks that the main issue is no longer farming but jobs and the creation of jobs on a European scale, preferably through harnessing Arab investment. The third candidate is Mr John (Midlands) Taylor, called 'Midlands' not because he comes from there, though he does, but to distinguish him from Mr John Taylor, the Official Ulster Unionist member of the European Democratic Group. Mr Taylor is an anti-defence, metropolitan Tory straight from the Thatcher mould. He studied civil engineering, then law at the University of Birmingham, was the Tory candidate in Dudley East in the two general elections of 1974, then leader of the West Midlands Metropolitan County Council and is still only 41. There is one missing candidate, the Baroness Elles. Lady Elles is in many ways the natural leader and would like the job. She has experience of Westminster as a former spokesman on foreign affairs and a great deal of knowledge of the Tory Party and politics in general besides. But she pledged some time ago not to stand against Sir James Scott-Hopkins and intends to keep her word. It is hard not to feel some sympathy for Sir James. A Junior Minister of Agriculture in the early 1960s, he became deputy leader of the Conservative Group in the European Parliament in 1974 in the days before direct elections. Mrs Thatcher does not think much of him. She could have made him leader when the incumbent, Sir Peter Kirk, died in 1977, but did not. Instead she turned to Mr Geoffrey Rippon and, when he backed down after a time, tried to install Mr Paul Channon, now the Minister for the Arts. Mr Channon was rejected by the selection committee in the Euro-constituency of Essex North-East, so the job went to Sir James in the end. Looking after a group of 60 newly-elected MEPs, some of whom were distinctly ambitious and very few of whom had direct experience of politics, was an immensely difficult task. On the pastoral side — that is, looking after his members — there is fairly general agreement that Sir James has performed rather well. There is also no doubt whatsoever of his European credentials. Recently, however, he blotted his copy-book in the biggest possible way. Last month Sir James stood for the Presidency of the Parliament after the second ballot by which time it was certain that he had no chance of winning. He thus allowed the election of a Socialist, Mr Pieter Dankert of Holland. In fact, Mr Dankert is an excellent choice, but there is some feeling that Tories did not go to Strasbourg in order to elect the Left. The talk always was of forming a Centre-Right bloc or even an anti-Socialist alliance. Sir James messed it up so badly that nearly half of his own members voted for Mr Dankert in the final ballot. Yet even if that had not happened, he would still have been in trouble. There was a feeling already that it was time to look ahead to the next European elections, and that meant a new leader. Here we come to the peculiarities of the system. In theory, the leader of the Conservative Group in Europe is nominated by the leader of the Conservative Party in Westminster, then approved by the Group. Mrs Thatcher could make her preference known early next week, but it looks as if this time she is wisely staying out of it. There is another oddity. With true Tory instinct, the rules for the election of the leader were drawn up in favour of the first-past-the-post system. Perhaps nobody ever thought that an election would be seriously contested. Anyway, that is what the Group is stuck with. If the election goes ahead next week, there is virtually no chance that any candidate will win an overall majority. The one with the most votes on the first and only ballot will be declared the victor. At present there are only two runners, Sir James and Sir Henry, with Sir Henry slightly ahead, though he may depend on the votes of the two Danish members of the Group. That does not seem to be a very satisfactory way of running a parliamentary party.

membership which did as much as anything else to split the Labour Party and which led ultimately to the formation of the Social Democrats, the most European of all British parties. That in turn may lead to the introduction of proportional representation in Britain on some kind of European model. And now, in the case of the Conservative Group in the European Parliament, we have even a majority of Tories admitting that the first-past-the-post system can be so far from being perfect as to be positively damaging. Meanwhile, the forgotten MEPs in Strasbourg are trying to face up to some quite important issues. If the Community is to develop, presumably it is desirable that it should do so along more democratic lines. That implies giving more power to the MEPs; for example, allowing them more control over Community spending. A test of how far the Parliament has caught on with British public opinion will come in the next European elections. Will the turnout be more or less than the 32 per cent last time? It is right that the Tory MEPs should be looking forward. At present, they are somewhat over-represented — 60 of them, compared to only 18 from the Labour Party and no British Liberals. Next time there may well be competition from the SDP-Liberal Alliance. It is also right that they should be looking round for at least more co-operation, if not a merger, with other Centre and Right-wing parties within the Parliament, though there is a genuine problem here as to whether they should go for an anti-Socialist alliance, as favoured by some of the German Christian Democrats, or ad hoc arrangements on particular issues, which is the approach preferred by some of the Christian Democrats from Italy. As for next week's election, my own view, for what it is worth, is that it should be put off. Sir James, as even he now admits, is not the man for the future. The Group needs someone capable of achieving a much higher profile in the UK. But it would be silly to hold the election now under a voting system which practically everyone involved agrees to be inappropriate. It was the debate over

WHATEVER became of Mr Ali Chafic? He was last spotted in December heading for Washington where he was expected to try to assassinate President Reagan, on behalf of Colonel Amjad, the Libyan leader. He should be easily identifiable since the CIA say that he is a 35 year old Lebanese with a shaven head and a limp, travelling on a Turkish passport. He should also stand out in the lobby of the Washington Sheraton because he is accompanied by 13 other assassins from the Middle East, all of whom, according to sketches distributed to the press, look satisfyingly villainous. To keep out of rifle range of this crew, President Reagan was even compelled to switch on the Christmas tree in the White House garden from inside his office. The administration reacted by calling for all Americans to leave Libya and invalidating American passports for travel to that country. Since then there has been an embarrassed silence while Mr Ali Chafic and his friends remain elusive. They have been wholly dropped by the American media. The battalions of journalists and camera crews who poured into Tripoli, the Libyan capital, six weeks ago have all departed. As a card carrying crisis Libya no longer has what it takes. The whole affair of the missing assassin left Washington with a certain amount of egg on its face, but it is unlikely that President Reagan's verbal shoot-outs with the Libyan leader are entirely over. For the administration Gaddafi is a very satisfactory enemy to have in the Middle East. By focussing on him more complex problems can be avoided and real crises left without a solution. Obsession with Libya has in particular masked the growing crisis in the Gulf. So long as American hostages were held in Tehran the Iranian threat to participate in media events with the Libyans than to face up to the Iranians. If the latter ever do send assassins to Washington sketches are unlikely to be provided.

Lombard The crises that disappear

By Patrick Cockburn

Today this has all been forgotten. When Iraq invaded Iran in September 1980 its army was accompanied by hundreds of journalists. Some, in their enthusiasm, even outdistanced the Iraqi tanks and the port city of Khorramshahr was first taken by the Sunday Times. By early last year almost all the journalists had gone home and the war seldom rated a mention on television or in the Press.

Frightening

Yet much of what was written 18 months ago is still true and Iran is in a far stronger position today than it was then. It has taken back most of the territory lost to Iraq and its armies are advancing west. It has never been a phoney war. Indeed in the first week of December, about the time Mr Chafic was meant to be making for Washington, Iraq and Iran together lost about 1,500 dead in a single battle. All this has been deeply frightening for the Saudis and the smaller Arab states of the area, now grouped in the Gulf Co-operation Council, but there is little they can do about it. The Iranian Foreign Minister has openly warned them that anybody who does not recognise that Iran is the great power of the Gulf is "like a chicken with its head in the sand" and he stressed that for Tehran America is still the arch-enemy. It is hardly surprising that local rulers and Secretary of State Alexander Haig's obsession with Libya, and the Soviet threat to the Gulf hard to understand, given that the Iranians make no bones about what they intend to do. But from Washington's point of view it is clearly more satisfactory to participate in media events with the Libyans than to face up to the Iranians. If the latter ever do send assassins to Washington sketches are unlikely to be provided.

Silence

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Letters to the Editor

Reservations about the Lloyd's Bill

From Mr Alan Smallbone. Sir,—You are right to support the principle of indemnity. It is needed to make it easier for the Lloyd's authorities to protect both names and the public. Divestment is a far more serious issue, and focuses attention on an area of conflict of interest that has attracted too little attention. Underwriting agents owe a clear duty to their names to do nothing to their disadvantage; directors of underwriting agencies owe a duty also to their shareholders. If parliament forces the sale of an agency and buyer A offers say 10p a share, while buyer B offers 11p, how will the directors decide if, in their view, buyer A would be more suitable as an agent from the point of view of the names? Lloyd's underwriting agency agreements must be one of the most remarkable classes of commercial arrangement anywhere in the world, providing not only opportunity to partici-

have given little thought apparently to who may buy. That is not nearly good enough. Brokers may not make ideal owners, but better a broker committed to the Lloyd's system than the Backstairs and Billingsgate trust, intent on "managing" the cash flow and secure in the knowledge that those whose money is being used have no rights to appoint directors to the agency board. If agencies are to be sold, the buyers should be members of Lloyd's, as individuals, and no-one else. Alan Smallbone, 30, Temple Fortune Lane, NW11. From Mr Peter Miller. Sir,—No one should lightly ignore an appeal from so eminent a Lloyd's personality as Robert Kiln (February 5). Nevertheless the accusation of inflexibility on the part of the Committee of Lloyd's is a charge which cannot be sustained. In response to representation from

members of the Lloyd's community and from Members of Parliament, we have modified the Lloyd's Bill by the introduction of the "longstop" provisions, increased the numbers of External members of the council from six to eight, strengthened the clauses on "inquiries" to assist in the problem of fraud, introduced provisions for Mandatory Divestment, and altered Clause 14 (11 as was) to restrict the restraint upon suit as far as possible. Lloyd's Bill is essentially an enabling measure to facilitate Self Regulation; the only mandatory provisions are for setting up a council, establishing disciplinary bodies, providing for a necessary measure of "immunity" (Mr Kiln being a strong proponent) and (in accordance with Parliament's wishes) mandatory divestment. As well as listening patiently to the views of others, a good broker must believe in his wares. Peter Miller, Lloyd's, Lime Street, EC3.

More jobs without reflation

From the Director, National Institute of Economic and Social Research. Sir,—In his article "More Jobs Without Reflation" (January 28) Mr Samuel Brittan reproduces a table from the National Institute Economic Review of last November. Under it he has added the words: "Warning: Use With Care. See Text." I think he is encouraging the reader to read his text. May I suggest that Mr Brittan might need his own warning and read our text. We used the effects of a cut in the National Insurance surcharge as a proxy for calculating the effects of introducing a general wage subsidy. Our model permits us to calculate such general changes. However, in our text we wrote: "There are grounds for thinking that a subsidy would have greater leverage if concentrated at the margin, applying only to new jobs created." And we went on to discuss this at some length, quoting in particular the arguments of Layard and Nickell. Our difficulty was that we were not able to quantify these various effects. However, it should be noted that while it is very easy on paper to direct subsidies towards this or that category of person, e.g. "additional workers," "unemployed for more than six months" and so on, the more differentiated these schemes become the

greater the danger of a bureaucratic nightmare. Mr Brittan uses the fact that one of our wage equations (not the other) delivers a big boost to the price level consequent upon a rise in public expenditure as a reason "why the pure Government spending option is impracticable." What he has failed to understand is that this equation would deliver precisely the same boost to the price level in response to any equivalent net increase in expenditure, whether it came from. Other things being equal, a rise in exports, a rise in private investment or a spontaneous increase in consumers' expenditure would, through the similar effects on the price level. C. J. N. Worwick, 2, Dean Trench Street, Smith Square, SW1. Proposed licensing of sex shops. From Mr David Weldon. Sir,—The Government are planning to license sex shops. On the surface this would seem like a good idea but when one looks at the proposed legislation in detail it would seem to be yet another way in which local councils can extend their influence over what we do. The proposed legislation will allow local authorities to set their own fee for granting a licence to a sex shop—the GLC have already suggested £100,000. This surely is just another way of trying to

close down all sex shops, a classic example of backdoor censorship, another example of "Big Brother" saying he knows what is best for us. The fact that the number of sex shops have increased over the years suggests that there is a great demand for what they offer. No businessman in his right mind is going to open a shop in a particular area unless there is a public demand for it. If the proposed legislation is used to close down sex shops it will not lessen this demand and would mean the products being sold "underground" with all the resultant problems for the police. The taxpayer would also lose out. If, as claimed, the sex shops have a huge turnover, then they no doubt pay large amounts of tax. If this turnover is so great this must prove the point that the shops are merely meeting what is a huge demand for their products. Rather than eliminate the sex shops would it not be better to sell goods of a sexual nature in adults-only shops where children are not allowed. In fact this is the confusion reached by the Williams Committee on Censorship. Local councils would be able to use this legislation to say how many sex shops there should be in their own area—and in most cases this would mean none at all. Councils were not elected as moral guardians, and if they do close down the shops it will result in a return to the bad old days when everything of a sexual nature was sold under the counter. You will not eliminate the demand for sexual products by getting rid of the sex shops. You will only increase that demand, for it is human nature to want something that is not readily available. David Weldon, 43c Fitzroy Road, NW1. Local authority spending plans. From Mr R. A. F. Morris. Sir,—In editing my response (January 28) to your editorial on local authority spending (January 11) you have omitted the cornerstones of my criticism of the new system, and what you comments. I would appreciate an opportunity to set the matter straight. Following the planned reduction in resources for local authority capital spending of 54 per cent in seven years the new system of control makes expenditure over a specified figure illegal. Given a situation of large schemes with long lead-in times and all the manoeuvrability of an oil tanker, when in full flow, what Council dare aim for the target? Indeed it is not a target, but a limit, and the two should not be confused. Where would Central Government be if this system was applied to Concorde, Trident or De Lorean? R. A. F. Morris, 14 Greenway Close, Sale, Cheshire.

Advertisement for New city offices in Peterborough. Features: £7.00 a foot, The city is Peterborough. Fifty minutes from King's Cross. The offices are in Midgate House, a superb new building overlooking the cathedral. The cost is all-inclusive. Rent, rates and service charge! The last 10,000 sq ft is available now. Call today and discover how your business could benefit from the Peterborough Effect. Modern offices in the city centre are also available from 2,000 sq ft. Another 58,000 sq ft is being built and a further 300,000 sq ft will start soon. Ring John Case on Freefone 4321. It must be the Peterborough Effect.

Stonehill falls at 32 weeks

DESPITE what Mr P. Steinberg, the chairman of Stonehill Holdings describes as the worst trading conditions experienced by the furniture industry, the company remained in profit in the 32 weeks to November 8, 1981.

Turnover of this north London domestic furniture manufacturer was down from £10.92m to £9.93m.

Mr Steinberg says the severe economic recession has created these conditions and has provided many companies with insurmountable problems. He adds: "We have succeeded in earning a profit for the period, and we are pleased to report a marginal improvement in business since August."

The interim dividend is being halved from 4p to 3p—last year's total was 8.5p from pre-tax profits of £615,000 (£2,056m).

The pre-tax figure was struck after depreciation slightly lower at £150,000 compared with £196,000. Tax took £55,000 against £218,000, leaving net profits of £78,000 (£201,000). Stated earnings per 25p share fell from 2.84p to 0.94p.

● comment The confidence expressed when Stonehill maintained its dividend in the 32 weeks to March 1981 has not been justified by the current figures, and the interim payout has been halved. The cabinet side was worst hit and the recent Arctic weather has done nothing to improve deliveries. Along with the rest of the industry Stonehill has tried to maintain its market by keeping prices down.

AGRICULTURAL Agricultural Mortgage Corporation is issuing £2m in 14 1/2 per cent yearling bonds at par redeemable on February 11, 1983.

Smith Bros. dives £0.8m into red

EXCEPTIONALLY difficult market conditions for jobbers, Smith Bros. have resulted in a pre-tax loss of £786,000 for the six months to October 23, 1981, against a profit of £41m for the same period of 1980.

Mr A. J. Lewis, the chairman, says that there has been an appreciable improvement in trading in the third quarter, but adds that it is impossible at this stage to forecast the results for the full year.

SAI slips to £4.1m

WITH CONTINUING difficult market conditions, taxable profits of Scottish Agricultural Industries slipped from £4.5m to £4.13m in 1981. Turnover rose from £21.1m to £22.15m.

The interim dividend is being maintained at 9p net per £1 share making a same again total of 14.75p.

● comment The confidence expressed when Stonehill maintained its dividend in the 32 weeks to March 1981 has not been justified by the current figures, and the interim payout has been halved.

Exports boost for Blundell-Permoglaze

A RECOVERY in exports is given as the reason for the boost in pre-tax profit at Blundell-Permoglaze. Federated Paints chairman, Mr Robert White, says that the taxable figures rose from £1.84m to £2.05m for the year to October 31, 1981, on turnover higher at £28.75m, against £23.7m before.

Mr White points out that part of the 11.5 per cent improvement in the pre-tax result came from an exceptional export order from one of our traditional markets.

AGRICULTURAL Agricultural Mortgage Corporation is issuing £2m in 14 1/2 per cent yearling bonds at par redeemable on February 11, 1983.

With stated loss per 25p share at 3.7p (7p earnings), the interim dividend is being paid from 1p to 0.84p for the last full year payments totalled 3p on a pre-tax profit of £1.9m.

Last year's interim profits were struck after a £22,000 share of an associate's loss. A tax credit of £476,000 (£805,000 charge) produced a net deficit for the half year of £322,000, compared with £609,000. The interim dividend, after waivers, costs £37,000 (£71,000).

On a CCA basis, there was a pre-tax loss of £473,000 (£188,000 profits).

● comment For most of the past two years, profits of Scottish Agricultural Industries were depressed because of destocking by farmers of feed and fertilisers.

Mergercy, Nicko Sports, Altek (Technology Initiatives), Movie World Promotions, Industrial Foundations and Earthworks, Birrose, Wessex Alloys, HCL Carriers, Mensvale, Brompton Securities, Whitesquare (UK) and Walsley Engineering Company, Tennant, Portland, Reed and Thomas (Wales).

● comment The confidence expressed when Stonehill maintained its dividend in the 32 weeks to March 1981 has not been justified by the current figures, and the interim payout has been halved.

AGRICULTURAL Agricultural Mortgage Corporation is issuing £2m in 14 1/2 per cent yearling bonds at par redeemable on February 11, 1983.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Dividend, Total last year, etc. Includes Blundell, Kinia Kellas Rubber, Lonsdale Universal, etc.

27 companies wound up

Compulsory winding up orders against 27 companies were made by Mr Justice Slade in the High Court. They were: Mergercy, Nicko Sports, Altek (Technology Initiatives), Movie World Promotions, Industrial Foundations and Earthworks, Birrose, Wessex Alloys, HCL Carriers, Mensvale, Brompton Securities, Whitesquare (UK) and Walsley Engineering Company, Tennant, Portland, Reed and Thomas (Wales).

Imasco climbs by C\$34m

A substantial increase in earnings is reported by Imasco, the major Canadian tobacco and food products group owned by B.A.T., for the first nine months of 1981. The figures have climbed from C\$64.8m to \$98.7m (£44m at current rates), and turnover was higher at \$1.6bn compared with \$1bn.

Reed Stenhouse losses rise first quarter

THE INCREASED first quarterly losses at Reed Stenhouse Companies were less than expected, according to Mr M. W. Wilson, president and chief executive. The pre-tax deficit rose from £274,000 to £275,000 on eight months turnover of £9.93m, against £18.74m previously, for the three months to December 31, 1981.

● comment The confidence expressed when Stonehill maintained its dividend in the 32 weeks to March 1981 has not been justified by the current figures, and the interim payout has been halved.

AGRICULTURAL Agricultural Mortgage Corporation is issuing £2m in 14 1/2 per cent yearling bonds at par redeemable on February 11, 1983.

Hard going for McLeod Russel

THE recession in the UK has continued to make trading conditions very difficult for the subsidiaries and associates of McLeod Russel, says Mr Jardine Paterson, the chairman, in his interim report. No major increases in demand are apparent at present.

He says the current financial year, which ends on March 31, 1982, has again been a difficult one for the international sector. The overall crop of its three Indian subsidiaries has shown a fall of approximately 2 1/2 per cent over last season.

● comment The confidence expressed when Stonehill maintained its dividend in the 32 weeks to March 1981 has not been justified by the current figures, and the interim payout has been halved.

AGRICULTURAL Agricultural Mortgage Corporation is issuing £2m in 14 1/2 per cent yearling bonds at par redeemable on February 11, 1983.

Lonsdale Universal drops to £0.3m and hiving off book side

ALTHOUGH second-half profits show a modest advance on the same period of 1980, Lonsdale Universal reports a reduction in pre-tax figures from £289,000 to £286,000 for the year ended September 30, 1981 on lower turnover of £37.92m compared with £39.94m.

Mr N. G. Ramseyer, the chairman of this industrial holding group, says the results are close to those forecasted at the interim stage — when taxable profits were down from £712,000 to £165,000, and reflect the very difficult trading conditions which persisted throughout the year.

● comment The confidence expressed when Stonehill maintained its dividend in the 32 weeks to March 1981 has not been justified by the current figures, and the interim payout has been halved.

AGRICULTURAL Agricultural Mortgage Corporation is issuing £2m in 14 1/2 per cent yearling bonds at par redeemable on February 11, 1983.

the printing sector, reduced demand for business forms and plastic film products resulted in lower profits, but poster production and general print-operated at a lower level of demand, which caused losses in certain units with redundancies and other curtailment actions being essential.

Mr N. G. Ramseyer, the chairman of this industrial holding group, says the results are close to those forecasted at the interim stage — when taxable profits were down from £712,000 to £165,000, and reflect the very difficult trading conditions which persisted throughout the year.

● comment The confidence expressed when Stonehill maintained its dividend in the 32 weeks to March 1981 has not been justified by the current figures, and the interim payout has been halved.

AGRICULTURAL Agricultural Mortgage Corporation is issuing £2m in 14 1/2 per cent yearling bonds at par redeemable on February 11, 1983.

COMPANY NOTICES

TAISHO MARINE AND FIRE INSURANCE COMPANY, LIMITED. NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ('EDRs').

GESTETNER HOLDINGS LIMITED

THE ANNUAL GENERAL MEETING will be held at 10.00 a.m. on 2nd March 1982 at Gestetner House, 210 Euston Road, London NW1 for the purposes of: 1. Receiving and adopting the report and accounts.

LEGAL NOTICES

IN THE MATTER OF M.R.K. LEISURE LIMITED AND THE COMPANIES ACT 1948. NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 15th day of March, 1982, to send in their full Christian and sundries, their debts or claims, and the names and addresses of their creditors (if any).

LEGAL NOTICES

IN THE MATTER OF TAMBOURINE LTD v. TIBBURY AND IN THE MATTER OF THE COMPANIES ACT 1948. NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 15th day of March, 1982, to send in their full Christian and sundries, their debts or claims, and the names and addresses of their creditors (if any).

LEGAL NOTICES

IN THE MATTER OF TAMBOURINE LTD v. TIBBURY AND IN THE MATTER OF THE COMPANIES ACT 1948. NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 15th day of March, 1982, to send in their full Christian and sundries, their debts or claims, and the names and addresses of their creditors (if any).

INTERIFRIGO Societa' Internazionale de Transporte e Frigorificas. Registered Office: 17 rue de France, Brussels. INTERNATIONAL BOND ISSUE OF 10,000,000 EUROPEAN CURRENCY UNITS.

MAKITA ELECTRIC WORKS LTD. (CDRs) The Board of Directors of Makita Electric Works Ltd. has announced that shareholders who will be registered in the books of the company on February 23rd, 1982 (Tokyo time) will be entitled to receive a 10% distribution of new shares.

BANQUE NATIONALE DE PARIS. (Incorporated in France) U.S. \$ 500,000,000 PARALLEL RATE NOTES DUE 1988 (GEN A) In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 29th January 1982 to 29th July 1982 has been set at the rate of 8 1/4% per annum.

ART GALLERIES THEATRES BROWNE & DABRY, 19, Cork St. W.1. WHITEHALL, Box of Tel. 01-336 6676. WYNDHAM'S, 526 3022, CC 273 6562.

BRASILVEST S.A. Net asset value as of 28th January 1982 per C\$ Share: 117,362 per Depository Share: U.S.\$ 6,058.50 per Depository Share: U.S.\$ 7,567.24 per Depository Share: (Third Series) U.S.\$ 6,439.82 per Depository Share: (Fourth Series) U.S.\$ 6,016.16

M. J. H. Nightingale & Co. Limited 27/28 Lovat Lane London EC3R 8BB. Telephone 01-621 1212. THE TRING HALL USM INDEX 118.9 (+0.1) close of business 4/2/82. BASE DATE 10/11/80 100. Tel: 01-638 1591.

Vertical text on the right margin, including 'BOARD', 'RESULTS AND', 'BANK', 'LONDON TR...', and 'EUROPEAN OF'.

BOARD MEETINGS

The following companies have notified shareholders of board meetings to be held on the following dates...

RESULTS AND ACCOUNTS IN BRIEF

GESTETNER HOLDINGS (publishing) - Results for year to October 31 1981, reported on January 21 1982...

BANK RETURN

Table showing banking department results for Wednesday Feb 3 1982, including liabilities, capital, and assets.

ISSUE DEPARTMENT

Table showing issue department results for Wednesday Feb 3 1982, including notes issued, in circulation, and government debt.

LONDON TRADED OPTIONS

Table of London traded options for Feb 4, showing contracts, calls, puts, and equity close for various options.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange results for Feb 4, showing series, volume, and stock prices.

UK COMPANY NEWS

Y. J. Lovell rights issue to raise £3.78m

THE HOUSING and commercial property development group Y. J. Lovell, is raising £3.78m gross by way of a rights issue...

No profit forecast is offered but the directors intend to maintain the 8p dividend on the enlarged capital...

BIDS AND DEALS

London hotel bought by Vaux for £7.7m Croda forecasts 85% boost in total dividend payment

Vaux Breweries has bought from Grand Metropolitan Hotels, the 415-bedroom London International Hotel for £7.7m...

Croda International, the speciality chemicals group striving to beat off a takeover bid from Burmah Oil...

Platignum suspended on talks

A BID may be in the offing for Platignum, the loss-making pen and plastic moulding group...

Johnson Group Cleaners in \$1.75m U.S. takeover

THE RETAIL dry cleaning and garment hire group Johnson Group Cleaners has paid US\$1.75m (£898,000) for the whole of the share capital of Tuchman Cleaners and Tuchman Realty of Indianapolis, Indiana...

Braid buys a second Ford dealer

Braid Group has acquired T. Simister for £490,050 cash. T. Simister operates a main dealer franchise for Ford cars in Macclesfield.

Macpherson paying £1.8m cash for JFB subsidiary

Donald Macpherson Group has acquired Briggs and Townsend from Johnson and Firth Brown for £1.8m in cash to be paid over one year...

RTZ/THOS. WARD

Rio Tinto-Zinc, whose bid for Thos W. Ward became unconditional on January 25, has told Ward's management that it has no plans to dispose of or transfer any of Ward's non-ferrous businesses...

BELL AND HOWELL

Bell and Howell, the international information systems company, has acquired Data Laboratories, the Mitcham-based manufacturer of the Datalab range of high-technology instruments.

Reo Stakis first quarter ahead

Despite another poor year for tourism in Scotland the group's main resort hotels had excellent results, he adds.

SHARE STAKES

Leopold Joseph Holdings - Edinburgh Investment Trust holds 185,550 ordinary (7.17 per cent).

MINING NEWS

Gopeng's output up on last year

AS though Gopeng's directors probably had little room to negotiate in view of the necessity for the company's leases to be renewed, shareholders would nevertheless be well advised to give the deal their approval.

Sentrust's good first half

AFTER having boosted net profits by 71 per cent in the year to last June South Africa's Sentrust has continued to do well in the first half of the current financial year.

Disposals boost Hanna

EXTRAORDINARY gains of \$10.4m (R5.6m) boosted full-year net profits of Hanna Mining of the U.S. to \$44.02m, against \$38.69m in 1980.

SEEKO, GRIFFIN AND HAOMA GOLD REORGANISATION

Shareholders of Seeko Industries, Griffin Coal Mining and Haoma Gold Mines are being asked to approve proposals for the reorganisation of the group...

ZANDPAN GOLD MINING COMPANY LIMITED

Interim Report for the Half-Year ended 31 December 1981

Table showing financial results for Zandpan Gold Mining Company Limited for the half-year ended 31 December 1981.

DIVIDENDS PAID OR DECLARED DURING THE HALF-YEAR

Final ordinary dividend No. 18 of 8p per share amounting to R11 588 000 for the year ended 30 June 1981 (1980 - 123.0 cents - R16 015 000) was declared in June 1981 and paid on 31 July 1981.

Managing director for Hepworth (Retail)

Mr R. T. S. Russell, assistant managing director of HEPWORTH (RETAIL), has been appointed managing director. He succeeds Mr Alex Pirie and Mr William Beasley, joint managing directors, who have retired.

(UK) and will continue to operate from the UK base of Massey-Ferguson at Coventry, but will report to the company's head office in Toronto. He is succeeded by Mr Sandy Erskine, who has been in press relations and editorial services manager with Perkins Engines at Peterborough - also a member of the Massey-Ferguson organisation.

Dollar falls

Dollar showed a slightly easier trend for most of the day influenced by lower Eurodollar interest rates, and fell sharply in late trading on reports, which were later denied, that the U.S. Administration intends to take action in the next two or three weeks to bring down interest rates.

THE POUND SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, % Three months, % Six months. Rows include U.S., Canada, Belgium, Denmark, West Germany, Portugal, Spain, Italy, France, Sweden, Japan, Austria, Switzerland.

THE DOLLAR SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, % Three months, % Six months. Rows include U.S., Canada, Belgium, Denmark, West Germany, Portugal, Spain, Italy, France, Sweden, Japan, Austria, Switzerland.

CURRENCY MOVEMENTS

Table with columns: Currency, Bank of England, Morgan Guaranty, etc. Rows include Sterling, Canadian dollar, Austrian schilling, etc.

OTHER CURRENCIES

Table with columns: Currency, Note Rate. Rows include Argentina, Australia, Brazil, Finland, Greek Drachma, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, ECU amount, % change, % change adjusted, Divergence limit. Rows include Belgian Franc, Danish Krone, German D-Mark, etc.

EXCHANGE CROSS RATES

Table with columns: Currency, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Japanese Yen.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 4)

Table with columns: 3 months U.S. dollars, 6 months U.S. dollars. Rows include bid 15/14, offer 16/7.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Table with columns: Currency, Term, Rate. Rows include Short term, 7 days' notice, Three months, Six months, One year.

MONEY MARKETS

London clearing bank base lending rates 14 per cent (since January 25). Funds were in short supply in the London money market yesterday.

GOLD Firmer tendency

Gold rose 86 1/2 to \$384.385 in the London bullion market. Trading was very active with the metal opening at \$379.380, the lowest level of the day, and rising to a peak of \$388.386.

LONDON MONEY RATES

Table with columns: Currency, Term, Rate. Rows include Overnight, 7 days notice, One month, Three months, Six months.

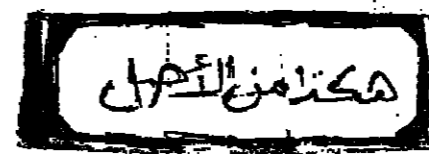
MONEY RATES

Table with columns: Currency, Term, Rate. Rows include New York, Germany, France, Japan.

FT UNIT TRUST INFORMATION SERVICE

Large table listing various investment funds such as S.E. Europe Obligations S.A., Linsford Joseph & Sons, Save & Prosper International, etc. Includes columns for fund name, manager, and performance.

Vertical text on the right edge of the page, including 'Argenti', 'mother', and 'INTER'.



Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Argentinian paper group seeks creditors' meeting

By Jimmy Burns in Buenos Aires

A COURT application for a creditors' meeting has been made by Celulosa Argentina...

Sharp fall in profit at Dow Chemical

By Our New York Staff

DOW CHEMICAL, the large U.S. chemicals and oil company, suffered a severe drop in earnings last year...

Mobil puts \$575m more into Montgomery Ward

By Paul Betts in New York

MOBIL, the second largest U.S. oil company, is continuing to pump in money to support its ailing Montgomery Ward retailing subsidiary.

Slowdown in third quarter at McDermott

By Roderick Oram in New York

McDERMOTT, the U.S. engineering and construction services group heavily tied to the offshore oil and gas industry...

Chemical Bank plan hits snag

By David Lascelles in New York

CHEMICAL BANK, the large New York bank, has encountered an obstacle in its bid for a stake in Florida National Bank...

However, any link would have to be approved by the U.S. banking authorities.

Another Eurobond for GMAC

By Alan Friedman

GENERAL MOTORS Acceptance Corporation (GMAC) last night launched a \$400m 10-year zero coupon offer...

Intel creditors agree to debt plan

By Our New York Staff

INTEL, the bankrupt computer leasing company, yesterday announced that its unsecured creditors had agreed to accept payments in the form of \$654m of debt securities...

Greyhound lifted by food sector

By Our New York Staff

GREYHOUND, the U.S. bus line and consumer products group, achieved a 17 per cent increase in net profit on lower sales last year...

Greyhound's food group had reported a steep loss in 1980, mainly because of processed meat operations...

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists...

Table with columns for U.S. Dollar, Deutsche Mark, Swiss Franc, Yen Straights, and Other Straights, listing various bond issues and their details.

CGE boosts sales by 23%

By Our New York Staff

COMPAGNIE Générale d'Electricité (CGE) the French electrical group, showed higher profits and a 23 per cent increase in turnover last year...

Chilean bank seeks \$100m Eurocredit

By Our Euromarkets Staff

THE Banco del Estado, Chile's state-owned bank, has awarded the mandate to raise \$100m through an eight-year credit to a group of 10 banks...

French building concern buys insurance stake

By Terry Dodsforth in Paris

BOUYGUES, the fast-expanding French construction group, has launched a major diversification bid with the acquisition of 66 per cent of Groupe Drouot...

Pitney Bowes lower

By Our Financial Staff

PROFIT MARGINS at Pitney Bowes, the world's largest manufacturer of postage meters, improved in the final quarter...

Continental Air in red

By Our Financial Staff

CONTINENTAL Air Lines, the 10th largest U.S. carrier, plunged deeper into the red last year...

NORTH AMERICAN QUARTERLY RESULTS

Table showing quarterly results for various North American companies like Biscayne Federal, W.R. Grace, McGraw-Hill, etc.

Advertisement for C.A. Cavendes Sociedad Financiera, featuring a logo and text about Bearer Depository Receipts and floating rate deposits.





INTL COMPANIES & FINANCE

William Hall and David Lascelles, in part of an occasional series on foreign investment in the U.S., look at a UK bank's experience

NatWest's New York headache

EARLIER THIS week, work began on National Westminster Bank's new 30-story North American headquarters in the heart of New York's financial district.

It seems of poor omen that the new building will be as large as the NatWest tower in the City of London and its construction symbolises the bank's commitment to the world's biggest banking market.

However, the rewards to date of the bank's \$500m plus investment in North America have been slender. Mr. Robert Wallace, chief executive, has occupied much senior management time, and provided a cautionary tale for others wanting to establish a major U.S. banking presence.

The bank has been operating in the U.S. market for more than a decade but did not make a major commitment until 1978 when it acquired the 140 branch National Bank of North America—the 40th largest U.S. bank.

In the event, NatWest paid 1.7 times book value for the National Bank of North America (NBNA), a premium which the bank says compares "satisfactorily with prices paid by other major foreign banks for significant entry into the strategically important U.S. market."

Since then NBNA has put up a very mediocre performance and is a long way short of covering its financing costs.

In 1981 the net income of NBNA amounted to \$12.7m—half the level of 1978/79, since when assets have roughly doubled and equity capital has been increased by 80 per cent.

Banking analysts in London argue that it is unlikely that NatWest will ever make a decent return on its U.S. investment. Mr. Vernon Madge of Sheppard and Associates says that "if one takes an assumption that over a 15 year period the NBNA purchase should produce a net after tax return of 7 1/2 per cent (a fairly modest target) and also recoup the goodwill element in the purchase price, profits would have to rise without any interruption for the

remaining 13 years at over 25 per cent per annum—a daunting target."

Aside from the sheer cost of the acquisition of NBNA, doubts have also been raised about the wisdom of NatWest's decision to choose a New York bank as opposed to a Californian bank and a retail bank as opposed to a wholesale bank as the vehicle for its U.S. expansion.

U.S. retail banking is highly competitive and some banks—most notably Bankers Trust—are withdrawing from the market because they feel they can earn more money elsewhere. In addition, the New York economy is far less buoyant than the economy of California and bankers have strong views about which market has the best long-term potential.

NatWest executives are naturally sensitive at accusations that they have paid over the odds for a bank which is in the wrong market and on the wrong side of the continent.

Mr. Leigh-Pemberton, who took over as chairman in 1977, has said on more than one occasion that NBNA is "an extremely successful acquisition in terms of NatWest's long-term strategy."

Mr. George Cathles, a regional general manager of NatWest who sits on NBNA's board, says that a retail bank was chosen not just for the deposit base but also for the customer base. NatWest had decided on an east coast bank, because California already had two large UK-owned banking operations and was regarded as over-banked.

In addition, NatWest feels that New York would make a better jumping off place for country-wide banking if the barriers are finally removed. "There is a lot to be said for a major international bank with major banking operations in New York and London," says Mr. Cathles, who has been involved with NBNA from the beginning.

However, even he admits that

NBNA IN FIGURES

Table with 3 columns: Year, Assets \$bn, Net income \$m. Rows for 1973-1981.

Mr Frost and his small team from NatWest have been spending millions of dollars upgrading the bank and improving the salary structure. The retail banking operation has been automated, extra branches have been bought from Bankers Trust and non-loan products and services to corporate clients have been beefed up.

"This last move seems to be paying off and fee and commission income, having stagnated for years, has grown by more than four-fifths over the last couple of years."

NatWest has also been bringing in new top management. Mr. William Knowles was hired from Bankers Trust last June as chief operating officer and is tipped to succeed Mr Frost when he returns to the UK later this year.

Another key appointment was made last month when Mr. Robert Wallace was hired from First Interstate Bancorp to head up NBNA's commercial banking operation, replacing Mr. Walston Gailie, who resigned late last year.

"There was always going to be a big front-end cost," says Mr Frost. Unfortunately that cost has turned out much higher than NatWest had bargained for, largely because of events outside its control.

The sharp rise in U.S. interest rates exposed major weaknesses in NBNA's balance sheet and one of Mr Frost's first tasks has been to shake out the low-yielding fixed-rate assets in its \$50m tax exempt bond portfolio. These have been sold at higher than face value resulting in a \$7.8m write-off last year.

It remains to be seen whether NatWest's strategy of building a single, solid base for expansion in the U.S. will prove a winner when set beside the very different approaches of the other UK clearing banks in the U.S.

Clearly, NBNA has plenty of recovery potential and NatWest executives are confident that they have done much of the groundwork necessary to make NBNA a success.

Over the past couple of years

Handwritten note: 1000000000

2nd MARCH 1982 REDEMPTION PROVINCE OF NEWFOUNDLAND U.S. \$20,000,000 8 1/2% Bonds 1986

REDEMPTION OF BONDS The Province of Newfoundland announces that for the redemption period ending on 2nd March 1982 it has purchased bonds of the above loan for U.S.\$256,000 nominal capital which have been duly cancelled.

Notice is accordingly hereby given that a drawing of bonds of the above loan took place on 22nd January 1982 attended by Mr Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when 1,744 bonds for a total of U.S.\$1,744,000 nominal capital were drawn for redemption at par on 2nd March 1982, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

Large table listing bond numbers and amounts for redemption.

Witness: K. F. C. Baker, Notary Public.

The above bonds may be presented for redemption at par on or after 2nd March 1982 at the offices of the paying agents named on the coupons for payment in the manner specified in Condition 5 of the Terms and Conditions of the bonds.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swin's Lane, London EC4P 4DU

5th February 1982

Advertisement for Air Florida Inc. U.S. \$75,000,000. Lease financing of five Boeing 727-227 aircraft. First Dallas Limited.

Advertisement for Genossenschaftliche Zentralbank Aktiengesellschaft. U.S. \$40,000,000. Floating Rate Notes Due 1989. First Dallas Limited.

Advertisement for Profit falls at Israeli food processor. By L. Daniel in Tel Aviv. ASSIS, one of the largest Israeli manufacturers of processed foodstuffs, suffered a fall of 87 per cent in interim attributable profits.

Advertisement for Celanese in Japanese move. TOKYO — Celanese Corporation, the sixth largest U.S. chemical maker, has opened a wholly-owned subsidiary in Japan to help promote imports of its products.

Advertisement for Christiania Bank og Kreditkasse. U.S. \$40,000,000. Floating Rate Subordinated Capital Notes Due 1991. Credit Suisse First Boston Limited.

Advertisement for Catterpillar Financial Services N.V. \$140,000,000. Zero Coupon Guaranteed Notes, due February 11, 1994. Unconditionally Guaranteed by Catterpillar Tractor Co. Offering Price 19.940% and Accrued Amortization of Original Issue Discount (if any) from February 11, 1982.

Companies and Markets

WORLD STOCK MARKETS

Fresh early Wall St decline

NEW YORK

Table of stock prices for various companies in New York, including ACF Industries, AMF, and Amco.

Table of stock prices for various companies in New York, including Amstar, Amstar Inc., and Amstar Corp.

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Table of stock prices for various companies in New York, including Amstar, Amstar Inc., and Amstar Corp.

STOCKS ON Wall Street attempted to rally at the outset yesterday, but drifted lower later in the morning following a forecast by the Congressional Budget Office of a \$100bn Federal deficit in 1982 and \$130bn in 1983.

The Dow Jones Industrial Average, after falling 7.52 on Wednesday, rallied about 11 points before further declining to \$119.99 at 1 p.m., a net 3.04 below the overnight level.

The Nikkei-Dow Jones Average received 26.24 to 7,874.70 and the Tokyo SE index shed 2.32 to 275.37, while falls outnumbered gains by 353 to 283 on the First market.

Analysts said investors are concerned that large deficits will require the Government to step up its financing requirements. Published reports of a sharp rise in Treasury securities yields to 11 3/4% in heavy trading.

Technology stocks were also weak, with Prime Computer of \$21 to \$22.1, Honeywell \$2 to \$1.97 and Texas Instruments \$44 to \$43.50.

Closing Prices for North America were not available for this edition.

Table of stock prices for various companies in Canada, including AMCO Int'l, Alcoa, and Alcan.

Table of stock prices for various companies in Belgium, including AMCO Int'l, Alcoa, and Alcan.

Table of stock prices for various companies in France, including AMCO Int'l, Alcoa, and Alcan.

Table of stock prices for various companies in Germany, including AMCO Int'l, Alcoa, and Alcan.

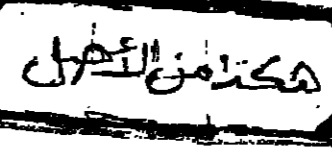
Table of stock prices for various companies in Italy, including AMCO Int'l, Alcoa, and Alcan.

Table of stock prices for various companies in Japan, including AMCO Int'l, Alcoa, and Alcan.

Table of stock prices for various companies in Australia, including AMCO Int'l, Alcoa, and Alcan.

Table of stock prices for various companies in New York, including Amstar, Amstar Inc., and Amstar Corp.





Companies and Markets

COMMODITIES AND AGRICULTURE

Salmon dispute resolved

BY LARRY KLINGER IN BRUSSELS

THE SALMON dispute between the European Commission and the Faroe Islands has at last been resolved with the conclusion of a 1982 reciprocal fishing agreement.

arrangements were a vast improvement on 1980 tonnage. The Faroes had originally proposed and "went a great deal of the way" to removing the immediate danger to European salmon stocks until further scientific evidence could be gathered.

The problem, as seen from Europe, was that the recent five-fold increase in the Faroes' catch threatened the very existence of the European salmon, a fish that spawns mainly in Irish and British rivers and whose offspring then migrate to distant northern waters before returning to their mainland "homes" to reproduce.

Tougher U.S. market rules sought

By Nancy Dunne in Washington

RULES FOR stricter enforcement of commodity laws are being pushed by the Commodity Futures Trading Commission at its reauthorisation hearings scheduled to begin in the House of Representatives on February 23.

Dutch to appeal on gas decision

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH glasshouse growers are to appeal to the European Court against an EEC decree ordering them to pay more for their gas. The Agricultural Commodity Board, representing the growers, intends to file its appeal within the next 10 days.

The Dutch growers, who currently pay just over 30 guilders a cubic metre for their gas—16 cents less than the average industrial price—have agreed to increase the price in five stages by April 1984.

over the dispute. The board said it cannot agree to the Commission's demand to adjust the growers' price by October. The board had expected some reaction to the announcement of their willingness to meet one of the Commission's demands. This was for a small additional increase in the growers' price to prevent it moving even further out of line with the industrial price.

USSR buys Australian wheat

MELBOURNE—The Australian Wheat Board has sold 100,000 tonnes of wheat to the Soviet Union for February/May shipment. Mr Leslie Price, Board chairman, said: "The sale, the second from the 1981-82 crop, was overshadowed by board general manager Mr Max Moore Wilton last week."

Malaysia takes hard line on tin

BY WONG SELONG IN KUALA LUMPUR

MALAYSIA regards the period from 1980 to 1982 as the final year of the Sixth International Tin Agreement (ITA) as crucial to the future of producer-consumer co-operation.

other consumers in the coming weeks, Datuk Paul Leong, Primary Industries Minister, will meet representatives of the Malaysian tin industry on February 16 to discuss "new approaches to deal with the current tin situation."

stocks from the market cannot be ruled out. Datuk Leong said "increasingly, producers as a group have to map out strategies to protect their tin mining industry against short-term disruption and to ensure long-term viability."

FARMER'S VIEWPOINT

Fixing a fair rent

MR PETER WALKER, Minister of Agriculture, has been rather ambivalent in his attitude to the joint approach by the National Farmers Union and the Country Landowners Association that he should initiate reforms of the 1976 Agricultural Holdings Act.

farmers are fiscal. The disadvantages to landlords of operating within the parameters of rents, which are taxed as unearned or investment income, make it preferable for landlords to farm themselves.

been few reported cases of farmers who have bid the high rents either going bankrupt, or securing a rent reduction. Very few tenants will risk an arbitration, because they fear the results will hurt them more than a negotiated rent.

parts are reluctant to surrender the certainty of succession for their sons in exchange for a hypothetical increase in the number of farms to let. If the TFA fails it will be because it appears to many to represent a narrow sectional interest of large scale tenant farmers.

N. American silver output up

NEW YORK—The U.S. and Canada increased silver production last year by 15 per cent and 13 per cent respectively.

production amounted to about 264m oz during 1981, an increase of 4 per cent from the revised 1980 figure, the trader said.

upward trend in precious metals also helped boost copper, lead and zinc.

Supply squeeze lifts coffee

By Our Commodities Staff

NEARBY POSITIONS on the London coffee futures market have moved strongly yesterday, reflecting concern over the shortage of supplies available for immediate delivery.

BRITISH COMMODITY MARKETS

Table with columns for BASE METALS, COPPER OFFICIALS, LEAD, ZINC, ALUMINIUM, NICKEL, SILVER, COCOA, COFFEE, RUBBER, WOOL FUTURES, and SOYABEAN MEAL. It contains various market prices and changes.

PRICE CHANGES

Table showing price changes for various commodities including Metals, Oil, Grains, and Cotton. Columns include commodity name, price, and change.

AMERICAN MARKETS

Table showing American market prices for commodities like Wheat, Soybeans, and Corn. Columns include commodity name, price, and change.

EUROPEAN MARKETS

Table showing European market prices for commodities like Wheat, Soybeans, and Corn. Columns include commodity name, price, and change.

NEW RANGE OF COMMODITY SERVICES

Advertisement for a new range of commodity services on the Reuter Monitor. It lists various commodities like Metals, Grains, Oilseeds, Cocoa, Rubber, Coffee, Sugar, and Petroleum. It includes contact information for John Roberts in London and a list of services offered.

WEDNESDAY'S CLOSING PRICES

Table showing Wednesday's closing prices for various commodities including Metals, Grains, Oil, and Cotton. Columns include commodity name, price, and change.

REUTERS

Table showing Reuters market prices for various commodities. Columns include commodity name, price, and change.

INDICES

Table showing various financial indices like the FTSE 100 and Dow Jones. Columns include index name, value, and change.

MOODY'S

Table showing Moody's market prices for various commodities. Columns include commodity name, price, and change.

REUTERS

Table showing Reuters market prices for various commodities. Columns include commodity name, price, and change.

LONDON STOCK EXCHANGE

Gilt-edged continue to advance but equity leaders lose impetus after Lucas Aerospace redundancies

Account Dealing Dates

Option
First Declared Last Account
Dealings Dealings Day
Jan 25 Feb 11 Feb 22 Feb 22
Feb 15 Feb 25 Feb 28 Mar 2
Mar 1 Mar 11 Mar 12 Mar 22

interest rates. Longer-dated
stocks settled with net gains
extending to 1/2, while the shorter
end of the market which has
tended to lag recently, was more
impressive with rises up to 1/2.

One or two sizeable institutional
orders for selected first-line
industrials quickly put leading
shares on a more stable
footing. The tone was looking
quite promising as the
announcement of the redundancies
at Lucas Aerospace cast a
shadow. Markets then turned
indecisive. The downdrift was
eventually halted by a firmer
Wall Street trend early
yesterday and even weak issues
showed a recovery.

Major trading announcements
were scarce, but Composite
Interest rates on fears of a
premium price-cutting campaign.

Investment enthusiasm was
not completely stifled. Sterling's
continued stability against all
major currencies, unaltered UK
money market rates and slightly
easier European levels,
rekindled interest, especially for
Gilt-edged securities. Quotations
here soon regained early losses.

Insurances dull

Composite Insurances took a
turn for the worse with
sentiment soured by Press reports
of a premium price war. Sun
Alliance fell 1 1/2 to 862p and
Phoenix 8 to 235p, while Royals
dipped 7 to 356p. General Accident
closed 6 lower at 508p.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Secs., Fixed Interest, Industrial Ord., Gold Mines, etc. and rows for Feb 4, Feb 3, Feb 2, Feb 1, Jan 29, Jan 28, Jan 27.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord.
1/7/25. Gold Mines 12/9/26. SE Activity 1974.
10 am 573.7, 11 am 578.5, Noon 578.8, 1 pm 573.5.
2 pm 573.2, 3 pm 573.7.
Latest Index 01-286 8028.
\*Nil=11.82.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns for High, Low, and S.E. Activity for various stock categories like Govt. Secs., Fixed Int., Ind. Ord., Gold Mines.

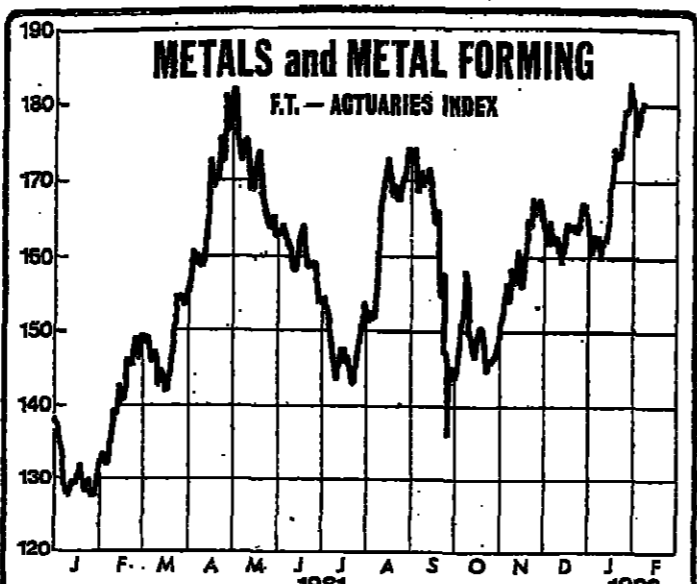
WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various
currencies as of Wednesday, February 3, 1982. The exchange rates listed
are middle rates between buying and selling rates as quoted between
banks, unless otherwise indicated. Currencies are quoted in foreign
currency units per one U.S. dollar except in certain specified areas. All rates
quoted are indicative. They are not based on, and are not intended to be
used as a basis for, particular transactions.
Bank of America NT & SA does not undertake to trade in all listed
foreign currencies, and neither Bank of America NT & SA nor the Financial
Times assume responsibility for errors.

Large table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR. Lists exchange rates for countries like Afghanistan, Albania, Algeria, etc.

n.s. Not available. \* U.S. dollars per National Currency unit. (1) Official rate. (2) Commercial rate. (3) Financial rate.
(4) Sudan - By cheque at 2/11/82 dual exchange rate established. (5) Sudanese Pound devalued by 12% per cent.
(6) Egypt - Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists.
(7) Argentina - Commercial and Financial rate combined 30/12/81. (8) Poland - Official rate 30 effective.
(9) Somaliland - Official rate 30 effective. (10) Somaliland - Official rate 30 effective. (11) Somaliland - Official rate 30 effective.



Barclays hardened 2 more
making a two-day gain of 12 to
470p following the bank's
decision to raise £100m through
the placing, at par, of a 25-year
16 per cent unsecured loan stock.
Other major clearers trended
lower with Lloyds closing 3 down
at 460p; the annual figures are
due on February 19. Elsewhere,
Smith St Aubyn continued to
rally, improving 4 more at 42p,
but falls of 8 were seen in
Gillett Bros, 187p, and Union
455p. Merchant banks featured
Manson Finance, 4 dealer at
78p, and Hambros, 5 to the good
at 150p. Guinness Peat softened
a couple of pence to 79p.

Cornell wanted
Arthur Guinness, down to 72p
in the early business, rallied to
close only a net penny lower at
74p following the deputy chair-
man's mildly bullish statement
at the annual meeting. In con-
trast, Matthew Brown, 174p, and
Vaux, 127p, eased a few pence
apiece after bearish statements
at the respective AGMs, sent-
iment in the latter was also
affected by the purchase of the
London International hotel from
Grand Metropolitan for £7.7m.
Grand Metropolitan ended 4
cheaper at 199p.

Recently firm leading Build-
ings closed easier for choice, but
selected second liners attracted
further support. John Laing
firmed 3 to 73p, while demand
in a thin market lifted Roberts
Adlard 15 to 123p. Press com-
ment stimulated interest in
W. & J. Gossp, which put on
6 to 82p, while the appearance
of a solitary buyer left British
Tar Products dealer at 45p.
Y. J. Lovell, marked down to
268p in immediate response to
the £3.6m rights and scrip issue
proposals, rallied on bear closing
to close just a penny cheaper on
balance at 274p.

Croda International jumped
10 to 54p and the Deferred 5 to
54p following the low level of
acceptances to Burmah's bid for
the company and the subsequent
forecast from Croda of a near-87
per cent dividend increase for
the current year. Burmah held

Lucas Aerospace redundancies
Lenses added 3 to 54p.
Blundell-Permogaz stood out
in miscellaneous industrials
rising 14 to 107p in response to
the better-than-expected prelimi-
nary results. Securicor firmed 7
more to 213p and the A 9 further
to 213p following renewed sup-
port ahead of Wednesday's
annual figures. Still reflecting
hopes of a counter-bid, Arthur
Holden edged forward a penny
more to 190p to stand 10 above
ICI's cash offer. Demand of a
similar nature enabled J. Blaby
to move up 8 at 320p, while A.A.
Industries put on 4 to 34p. News
of the sale of the company's
factory in Dorset for £0.8m
helped Caravans International to
harden a couple of pence to 24p,
and Reyster A rose 7 to 207p on
further consideration of the
capital proposals. Buroc Deal,
in which Charente Steamship
owns a near-25 per cent stake,
hardened 2 to 43p. Stonehill
eased only a penny to 85p
following the halved interim
dividend and sharp profits con-
traction, while Pritchard Services
lost 1 to 185p on profit-taking.
The leaders plotted an irregular
course in moderate trading.
Glaxo shed 6 to 476p and
Becham 4 to 249p but Metal
Box improved 3 to 181p and
Reckitt and Colman 6 to 252p.

Nimble attracted U.S. buying
and optimism business in the
wake of its camera marketing
deal with Timex Corporation and
gained 10 more to 175p. Else-
where in the Leisure sector, Saga
Holidays, a neglected market
recently, rallied 15p.
Fallen demand for the group's
aerospace products and the
resultant 1,050 redundancies at
the Burnley factories prompted
heavy selling of Lucas, which fell
to 216p before closing 9 down on
balance at 220p, sentiment was
also affected by a number of
leading brokers subsequently
downgrading profit forecasts for
the current year. Other concerns
with aerospace activities also dis-
played sizable losses. Smiths
Industries shed 10 to 355p, after
348p, while similar falls were
noted for Hawker Siddeley, 340p,
and British Aerospace, 185p.
Dowry, interim results expected
next Thursday, finished 5 cheaper
at 128p. Motor Distributors held
quietly firm. Glanfield Lawrence
rose 3 to 51p in response to the
revised full-year deficit, while
Braid firmed a penny to 40p
after acquisition news.

Properties closed narrowly
mixed. After the previous day's
gain of 3p on vague bid talk,
British Land touched 91p before
closing a net penny dearer at
90p. Slough Estates attracted
support and firmed 3 to 135p, but
Samuel shed that much, to 59p.

Oils give ground
Still reflecting the current glut
in crude oil shares were further
unsettled by a report that the
Saudi Government has ruled out
any further reduction in the 8.5m
b/d production ceiling. British
Petroleum closed a couple of
pence above the day's lowest
with a fall of 6 at 290p, while
Shell closed similarly lower at
372p. Lasso weakened 15 to

634p, while Ultramar fell 13 to
422p. Among the exploration
issues, Sun (UK) weakened 30 to
210p in a difficult market.
Among Financials, R. P. Martin
were again supported, and rose
15 to 388p, along with Mills and
Allen, which improved 10 more
to 538p. Other good spots
included English Association,
195p, and Fashion and General,
220p, also 10 higher. Hambro
Trust rose 7 to 137p, but Smith
Eros, reflecting the half-year
loss and reduced interim divi-
dend, reacted 4 to 37p.
Shippings were enlivened by
a revival of bid speculation in
Lofis, which advanced to 65p
before setting 2 higher on the
day at 62p.

In Textiles, Highams continued
to make good progress on specu-
lative support and closed 2 up
for a two-day gain of 11 at 53p.
While Nuntun added a penny to
25p on further consideration of
the first-half results and the
acquisition of Lilligulgu.
Bats, 9 up at 412p, drew
further strength from the recent
re-rating, coupled with the
improved trading performance of
the group's Brazilian subsidiary.

Gold's advance
The strength of the bullion
price—finally \$6 firmer at \$384.50
an ounce—encouraged sharp
gains in South African Golds.
The sharemarket got off to a
bright start as initial buying
from Johannesburg found the
London market short of stock.
Prices moved up accordingly but
began to ease off around mid-day
on light profit-taking.
However, the emergence of
American buyers in after-hours
trading pushed prices up to the
day's best at the close. The Gold
Mines index rose 9.9 to 392.6.
Heavyweights were featured
by Vaal Reefs, a point higher at
£341, while gains in excess of 5
were common to Driefontein,
£211, Southwold, £153, and Pres-
ident Brand, £18.

South African Financials made
good progress in sympathy with
Gold. "Amgold" added almost
a point to £37 and Anglo
American Corporation moved up
10 to 650p.
London Financials were
narrowly mixed, with gains in
precious and base-metals being
offset by the downturn in UK
equities.
Minor gains in overnight
Sydney and Melbourne markets
coupled with the firmness of
metal prices encouraged wide-
spread, although generally
modest, rises in Australias.
MIM Holdings put on 7 to 187p.
Traded options attracted 2,670
contracts—2,153 calls and 417
puts. Once again, call activity
was dominated by Imperial
which recorded an exceptionally
active 1,257 deals, 814 of which
were struck in the popular May
80 series. Grand Metropolitan
and ICI recorded 293 and 243
calls respectively.

RECENT ISSUES

Table with columns: Issue price, Latest Announced, 1981/2 High/Low, Stock, Quantity, etc.

FIXED INTEREST STOCKS

Table with columns: Issue price, Latest Announced, 1981/2 High/Low, Stock, Quantity, etc.

"RIGHTS" OFFERS

Table with columns: Issue price, Latest Announced, 1981/2 High/Low, Stock, Quantity, etc.

ACTIVE STOCKS

Table with columns: Stock, Closing price, Day's change, etc.

WEDNESDAY'S ACTIVE STOCKS

Table with columns: Stock, No. of closing price, Day's change, etc.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information section show new Highs and Lows for 1981-82.

Table with columns: NEW HIGHS (73), NEW LOWS (8), RISES AND FALLS YESTERDAY.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table with columns: EQUITY GROUPS & SUB-SECTIONS, FIXED INTEREST, AVERAGE GROSS REDEMPTION YIELDS.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs. Co., Allied Nations Ltd. Co., and others, including their names and contact information.

Table listing various unit trusts such as Aberdeen Unit Tr. Mgrs. Ltd., Abbey Unit Tr. Mgrs. Co., and others, including their names and contact information.

Table listing various unit trusts such as Abbey Unit Tr. Mgrs. Co., Allied Nations Ltd. Co., and others, including their names and contact information.

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FT UNIT TRUST INFORMATION SERVICE

Main table listing unit trusts with columns for Name, Manager, and other details. Includes sections for 'Saver & Prosper Group', 'Burdley Life Assur. Co. Ltd.', and 'Guarantee Royal Exchange'.

INSURANCE PROPERTY BONDS

Table listing insurance and property bond services, including Abbey Life Assurance Co. Ltd., London Life Assur. Co. Ltd., and others.

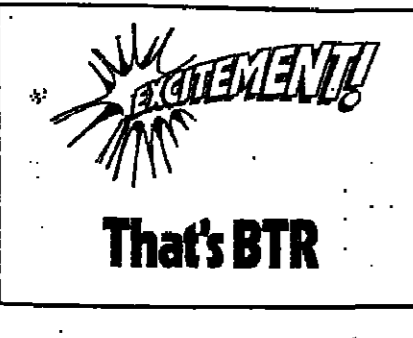
NOTES: Price is in pence unless otherwise indicated. Values shown in list refer to the value of the unit trust's assets at the end of the previous month.

Notes regarding the FT Unit Trust Information Service, including contact information for the service.

Notes regarding the FT Unit Trust Information Service, including contact information for the service.

Notes regarding the FT Unit Trust Information Service, including contact information for the service.

FT SHARE INFORMATION SERVICE



BRITISH FUNDS

Table of British Funds with columns for Name, Stock Price, and Yield.

Shorts (Lives up to Five Years)

Table of Short-term investments with columns for Name, Stock Price, and Yield.

Five to Fifteen Years

Table of Medium-term investments with columns for Name, Stock Price, and Yield.

Over Fifteen Years

Table of Long-term investments with columns for Name, Stock Price, and Yield.

Undated

Table of Undated investments with columns for Name, Stock Price, and Yield.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Stock Price, and Yield.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Stock Price, and Yield.

LOANS

Table of Loans including Public Board and Ind. with columns for Name, Stock Price, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Stock Price, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals and Plastics with columns for Name, Stock Price, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering and Machine Tools with columns for Name, Stock Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Stock Price, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Stock Price, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Stock Price, and Yield.

ELECTRICALS

Table of Electricals with columns for Name, Stock Price, and Yield.

CANADIANS

Table of Canadian stocks with columns for Name, Stock Price, and Yield.

AMERICANS

Table of American stocks with columns for Name, Stock Price, and Yield.

HIRE PURCHASE, ETC.

Table of Hire Purchase, Etc. with columns for Name, Stock Price, and Yield.

INDUSTRIALS (Miscel.)

Large table of Industrial stocks with columns for Name, Stock Price, and Yield.

FOOD, GROCERIES—Cont.

Table of Food and Groceries with columns for Name, Stock Price, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Stock Price, and Yield.

INDUSTRIALS (Miscel.)

Table of Industrial stocks with columns for Name, Stock Price, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Stock Price, and Yield.

INDUSTRIALS (Miscel.)

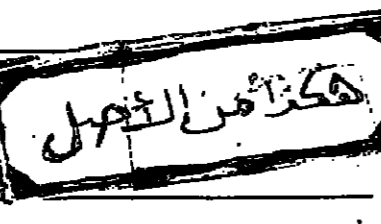
Table of Industrial stocks with columns for Name, Stock Price, and Yield.

A FINANCIAL TIMES MANAGEMENT REPORT

Consolidated Accounts in Europe

Text describing the E.E.C. Seventh Directive on Consolidated Accounts and its impact on finance directors and accountants.

Form for requesting a copy of Consolidated Accounts in Europe, including fields for Name, Company, and Address.



كلمات المثل

INDUSTRIALS—Continued

Table of industrial stock prices including companies like Anglo-TV, Anglo-TV, Anglo-TV, etc.

LEISURE

Table of leisure stock prices including companies like Anglo-TV, Anglo-TV, Anglo-TV, etc.

PROPERTY—Continued

Table of property stock prices including companies like Anglo-TV, Anglo-TV, Anglo-TV, etc.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like Anglo-TV, Anglo-TV, Anglo-TV, etc.

OIL AND GAS—Continued

Table of oil and gas stock prices including companies like Anglo-TV, Anglo-TV, Anglo-TV, etc.

DAIWA BANK logo and name with tagline 'a fully integrated banking service'

MINES—Continued

Table of mine stock prices categorized by region: Central African, Australian, Overseas Traders, Teas, Sri Lanka, Mines, Far West Rand, O.F.S., and Diamond and Platinum.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stock prices including sub-sections for Motors and Cycles, Commercial Vehicles, Components, and Garages and Distributors.

SHIPPING

Table of shipping stock prices including sub-sections for Footwear and Leather, and South Africans.

SHOES AND LEATHER

Table of footwear and leather stock prices.

SOUTH AFRICANS

Table of South African stock prices.

TEXTILES

Table of textile stock prices.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stock prices.

PAPER PRINTING ADVERTISING

Table of paper, printing, and advertising stock prices.

TOBACCO

Table of tobacco stock prices.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stock prices.

PROPERTY

Table of property stock prices.

INSURANCE

Table of insurance stock prices.

REGIONAL MARKETS

Table of regional market data including 3-month Call Rates and Options.

# Getatable NEWPORT

For details of industrial development sites contact Steve Wehrle, Dept. FT, The Civic Centre, Newport, Gwent. Tel: (0633) 65491

Friday February 5 1982



## Inquiry chairman sees Aslef leaders

BY PHILIP BASSETT, LABOUR CORRESPONDENT

CONCERTED EFFORTS were made yesterday to coax the train drivers' union into co-operating with an independent inquiry into the British Rail pay and productivity dispute. BR is standing firm over the current strikes, despite mounting losses. Lord McCarthy, chairman of the inquiry set up by the Advisory Conciliation and Arbitration Service but which has yet to meet, met the executive of the Associated Society of Locomotive Engineers and Firemen, which has refused to give evidence to or attend the inquiry.

Mr Ray Buckton, Aslef general secretary, said he had invited Lord McCarthy to meet the executive to hear its reasons for refusing to co-operate. This raised speculation that the union might be prepared to attend the inquiry, even though the original vote against co-operating was six to one. Aslef's main objection to the inquiry lay in its terms of reference, which specifically mention both the 3 per cent BR is withholding from Aslef and the crucial productivity issue of more flexible work rostering which is at the heart of the dispute. A possible way forward would be to weaken the terms of reference to a bland form of words, such as "to examine the causes of the current British Rail dispute," to which neither BR nor Aslef could object since participation would not then involve any apparent weakening of their respective positions.

## Polish Church fears military clash

BY CHRISTOPHER BOBINSKI IN WARSAW AND RUPERT CORNWELL IN ROME

Poland's Catholic Church leaders have concluded that the Polish crisis is now a political settlement will end martial law and that it is increasing the possibility of military clashes with the developing underground Solidarity union movement. The Church has become increasingly frustrated at the lack of progress in the talks it has held with the military authorities since the December 13 imposition of martial law. The Church is seeking resumption of negotiations with Solidarity leaders, the lifting of restrictions and the freeing of internees. In the Church's view, stalemate is likely to fuel underground opposition by Solidarity activists which in turn could set off a new cycle of repression and mass arrests by the army rulers. Social unrest can only be aggravated, the Church feels, as the impact of this month's drastic food price increases take effect and the country's economy falls to pick up. The price of many basic foodstuffs was increased by up to 400 per cent

Continued from Page 1

## O'Brien

Mr Young's experience of training is limited to his work as president of the voluntary Organisation for Rehabilitation through Training, which promotes vocational training. He said last night that he was "obsessed" with the need to improve training, and that he believed equally strongly in the private sector and in the virtues of tripartism. His appointment comes at a sensitive time for the continued existence of tripartite structures, as the TUC is now debating whether or not to remain involved in the tripartite National Economic Development Council.

The MSC was one of three tripartite agencies hived off by successive Conservative and Labour governments from the Department of Employment in the early 1970s. The others were the Advisory, Conciliation and Arbitration Service, and the Health and Safety Executive. The aim was to improve administrative efficiency and to involve both sides of industry in matters such as youth training and apprenticeship, labour dispute conciliation, and safety standards.

The industry Department will now be looking for an industrial advisor to replace Mr Young.

## RAF fuel cuts may save £25m

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE FUEL rationing applying to virtually all Royal Air Force flying is expected to save the Defence Ministry £25m in the current financial year. Rationing was introduced to the RAF and the other services' operations—towards the end of 1980 as part of the ministry's attempt to curb overspending. Members of the Commons select committee on defence, following a recent visit to British forces in West Germany, criticised cuts in pilot training. They said new equipment was lying idle because of lack of fuel.

Mr Jerry Wiggin, junior Defence Minister, confirmed this week that the fuel reductions applied to "fast jet, maritime patrol, tanker and transport aircraft, and to helicopters." He refused to give the number of hours flying that had been reduced. In addition to the £25m savings, Mr Wiggin said there would be a rather smaller reduction in expenditure on overhaul and repair. Sir Frank Cooper, Permanent Under-Secretary at the ministry, told the Commons public accounts committee last week that overall savings resulting from the Government's emergency measures in 1980-81 had been £450-£500m.

## Social democrats

Continued from Page 1

ing, and regarded its scope as too narrow since it failed to go to root causes. Faced with a choice of voting for or against, however, the party decided by an overwhelming majority to vote for the Bill. But he admitted that there was some reluctance, because of the controversial personality of Mr Norman Tebbit, the Employment Secretary, and because of concern that the Bill would be branded as anti-trade union. Mr Bill Rodgers, one of the party's collective leadership, will speak for the SDP in the debate on the Bill. He is known to take a strong line in favour of trade union reform. A few of the ex-Labour MPs in the party, particularly those with previously strong union connections such as Mr John Grant, MP for Islington Central, are known to have had reservations.

The party's decision reflects a desire not to be branded as indecisive on the issue, together with a recognition that there is apparently strong public support for industrial relations legislation. Dr Owen said that SDP MPs would press for further reforms.

## Cut pension investment overseas, says TUC

By Eric Short

THE TUC is to put pressure on pension fund trustees to restrict the investment of pension assets overseas and to channel funds towards UK industrial investment. Mr Len Murray, TUC General Secretary, said in London yesterday that the TUC was in the process of drawing up appropriate guidelines on investment strategy with the full support of trade union member trustees—those trustees who have been appointed or elected by the trade union membership. Speaking at a Financial Times conference on pensions, Mr Murray did not reveal any further details. But the guidelines are expected to be ready before the next TUC conference.

TUC policy spelt out in its 1982 Economic Review published earlier this week and reiterated yesterday by Mr Murray, is that the resources of British pensions funds must be used to revitalise British industry of the country is to survive as a manufacturing nation. The TUC wants the re-introduction of strict change controls and the establishment of specific limits on the proportion of pension funds that can be invested overseas. This proportion should be reduced over time. Mr Murray also said yesterday that the TUC will urge trade union trustees to get their pension funds to co-operate in financing the establishment of local enterprise boards. These boards are being established by local authorities to regenerate local economies, using both local authority superannuation fund and private pension fund resources. Conference report, Page 6; Editorial Comment, Page 18

## Croda throws off its cover

THE LEX COLUMN

Index fell 3.2 to 574.8

Croda International has spent weeks banging on about the financial imprudence of unwanted bidder. Burmah Oil. It may now have laid itself open to similar charges. Less than a year ago, it admitted that 1980's dividend payment had been maintained as a gesture of faith in the future. Last month, it promised that 1981's payment would rise by more than a fifth, and yesterday announced a new financial year — it forecast an increase in 1982 from 3.75p to 7p net per share. That payment will cost £7.4m — plus, probably, some unrecovered advance corporation tax. There will have to be a very substantial rise in its historical cost profits from 1981's £10.1m pre-tax to warrant such a payout, and there is little chance that it will be covered by current cost earnings. The thinking behind the announcement is obvious. The first closing date of Burmah's 70p per share offer passed yesterday with a modest level of acceptances, but thanks to its original market bid the bidder now has some 18 per cent of the shares under its belt. An offer made this morning at say 80p per share could have put Croda in big trouble.

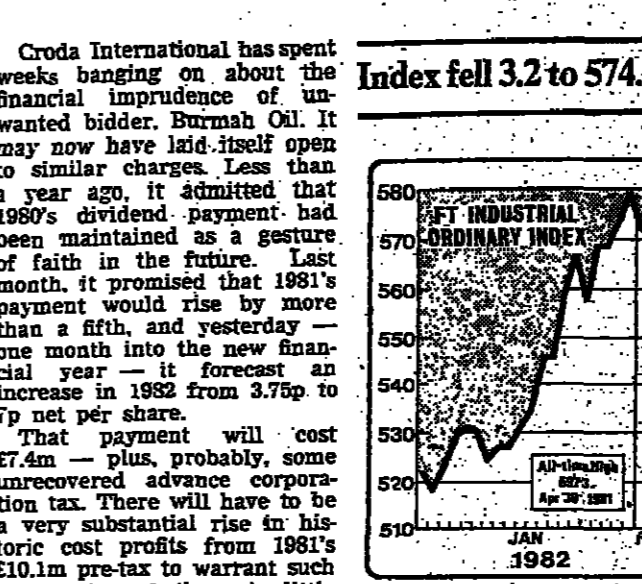
Instead, the dividend forecast bounded the shares up 10p to 84p, hence the prospective yield is nearly 12 per cent. Burmah's present offer is now a dead duck, but Croda is going to have to go into a great deal of convincing detail to justify yesterday's decision. end of this year and the beginning of next is hard to forecast. A move into substantial deficit by the local authorities is also quite possible in the last quarter. So far this year they have been amazingly restrained, repaying an unadjusted £0.4bn of debt in the third quarter alone. It may not matter much, for by the time the fourth quarter figures are announced the Budget will be history and the markets will be concentrating on the progress being made with the 1982-83 PSBR. The latest figures confirm the impression that the Chancellor has a considerable amount of elbow room in choosing a PSBR target for the coming year. On top of the £1bn or so of delayed tax revenues that belong in the current year, but may well fall in 1982-83, next year will be flattered by the absence of £8bn of additional interest incurred during the strike. There are also likely to be higher asset sales—by as much as £1bn than in 1981-82. It will be perfectly possible to announce a lower absolute target for the PSBR which represents an underlying rise.

## PSBR

Next to the U.S. budget deficit the British public sector borrowing requirement looks like pocket money. Still, on a day when the London markets were glancing nervously at the run-up to last night's 30-year bond offering in New York, it was some encouragement to see that the pocket money is under control.

In the third quarter of the 1981-82 financial year the seasonally adjusted PSBR was a mere £0.2bn, taking the nine-month total to £3.7bn. Clearly, the forecast of £10.4bn for the full year is not going to be greatly overshoot, although there is room for a good deal of disagreement about what the present quarter will produce.

But for the civil service strike the nine-month figure would be below £7bn (against £11.7bn at the same stage in 1980-81), and the division of outstanding unpaid tax receipts between the



The international strides of Tokyo's own financial institutions have exposed the absence of reciprocal arrangements for foreign companies. In Japan, Merrill Lynch, for example, stepped up its lobbying for a place after Nomura, Japan's biggest securities company, was a seat in New York. The TSE's decision will certainly not open any floodgates. A Tokyo seat costs a cool £25m. The amount of commission which foreign securities investors need surrender to TSE members will have fallen from 40 per cent to 27 per cent by this autumn, so the initial cost could only be justified by a very high turnover. And, with the overall number of seats still frozen, foreign companies may need to take over a domestic firm—always a simple operation in Japan. Merrill will probably take the plunge but it may be alone.

## Smith Bros.

Smith Bros' half-year results extend to late October, one month beyond those of Akroyd and Smithers, and they provide little evidence that the jobbers were able to benefit from the rapid recovery in equity prices after Black Monday. So Smith's buy-out pre-tax profits of £1.4m a year earlier have been transformed into a loss of £1.8m, which compares with the £0.9m loss at Akroyd in the similar period. It looks as if the September/October period was simply too volatile for Smiths regardless of the direction of the market. With investors all moving violently one way, the firm did not have the capital base to hold on to positions long enough and was forced again and again to bail out at a loss.

## Tokyo members

The pressure on Japan to reduce non-tariff barriers has made itself felt in the most unlikely place. The Tokyo Stock Exchange, renowned for its intransigence, is to consider the removal of rules against foreign membership. Until now, the TSE has indicated that foreign applicants would not be considered until the mid-1980s at the earliest. Domestic firms are queuing up for any gaps in the SO-seat body and the TSE has said that it wants to reorganise Japan's

## Brokers can join financial futures exchange

BY CHRISTINE MOIR

STOCKBROKERS and jobbers will be able to join the London International Financial Futures Exchange when it opens in September, but only under tight financial constraints and on terms which will put them at a disadvantage compared to other members. The terms for entry to the exchange were detailed in a letter sent yesterday by Mr Norman Kemp, the Stock Exchange Secretary, to senior partners of member firms. It says: "Although the market allows members to act both on their own behalf and for clients' jobs will not be allowed to act as agents in the financial futures exchange... and 'brokers will not be allowed to deal as principals, ie take a position on their own behalf."

## Tokyo may admit foreign securities houses

BY RICHARD C. HANSON IN TOKYO

THE TOKYO Stock Exchange will consider allowing foreign owned securities houses to become members of the exchange. A members committee will begin formal consideration of the matter next week and it may be put to a vote of the membership at its next regular meeting in November, or sooner at an extraordinary meeting. Several foreign securities houses, including Merrill Lynch, the U.S. giant, are interested in joining the Tokyo Exchange, though it is not clear what form such membership would take. Five foreign companies already hold licences to engage in securities business in Japan. The exchange authorities' decision to consider lifting the ban on foreign membership of the exchange came sooner than had been expected, to some extent though there has been much foreign criticism recently of its membership policy. There are 83 member-firms of the Tokyo exchange, the second largest stock market in the world after New York in volume of transactions. The votes of three-quarters of the members would be needed to overturn the rule which prevents foreign-owned companies from joining. Even if the members vote to admit foreigners, a number of hurdles will remain before a foreign broker can actually join. The biggest problem is that the number of members is fixed at 83. So a foreign securities house would either have to take over an existing member, or form a joint venture. There is a precedent for the former means of entry to a financial market in Japan. Marshalls, the international money broker, bought a small exchange broking house last year to join the Tokyo foreign exchange market. The heavy cost of membership is another obstacle.

## Weather

UK TODAY  
CLOUDY, but sunny intervals in central and eastern districts. Mild. London, S.E. E. England, Midlands. Fog patches early, mostly dry with sunny intervals. Max 10C (50F). N.W., S.W. England, Wales. Rather cloudy, perhaps a little rain. Max 10C (50F). N.E. England, Borders. Mostly cloudy with a few sunny intervals. Max 9C (48F). Rest of Scotland, N. Ireland. Cloudy with occasional rain or drizzle. Max 7C (45F). Outlook. Rather cloudy, rain chiefly in the North and West.

## WORLDWIDE

|              | Y'day  | Y'day  |
|--------------|--------|--------|
|              | midday | midday |
|              | °C     | °C     |
| Algeria      | 12     | 10     |
| Algiers      | 19     | 16     |
| Amman        | 5      | 4      |
| Bahia        | 23     | 23     |
| Bombay       | 27     | 27     |
| Buenos Aires | 14     | 14     |
| Buenos Aires | 14     | 14     |
| Buenos Aires | 14     | 14     |
| Buenos Aires | 14     | 14     |
| Buenos Aires | 14     | 14     |
| Buenos Aires | 14     | 14     |
| Buenos Aires | 14     | 14     |
| Buenos Aires | 14     | 14     |

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